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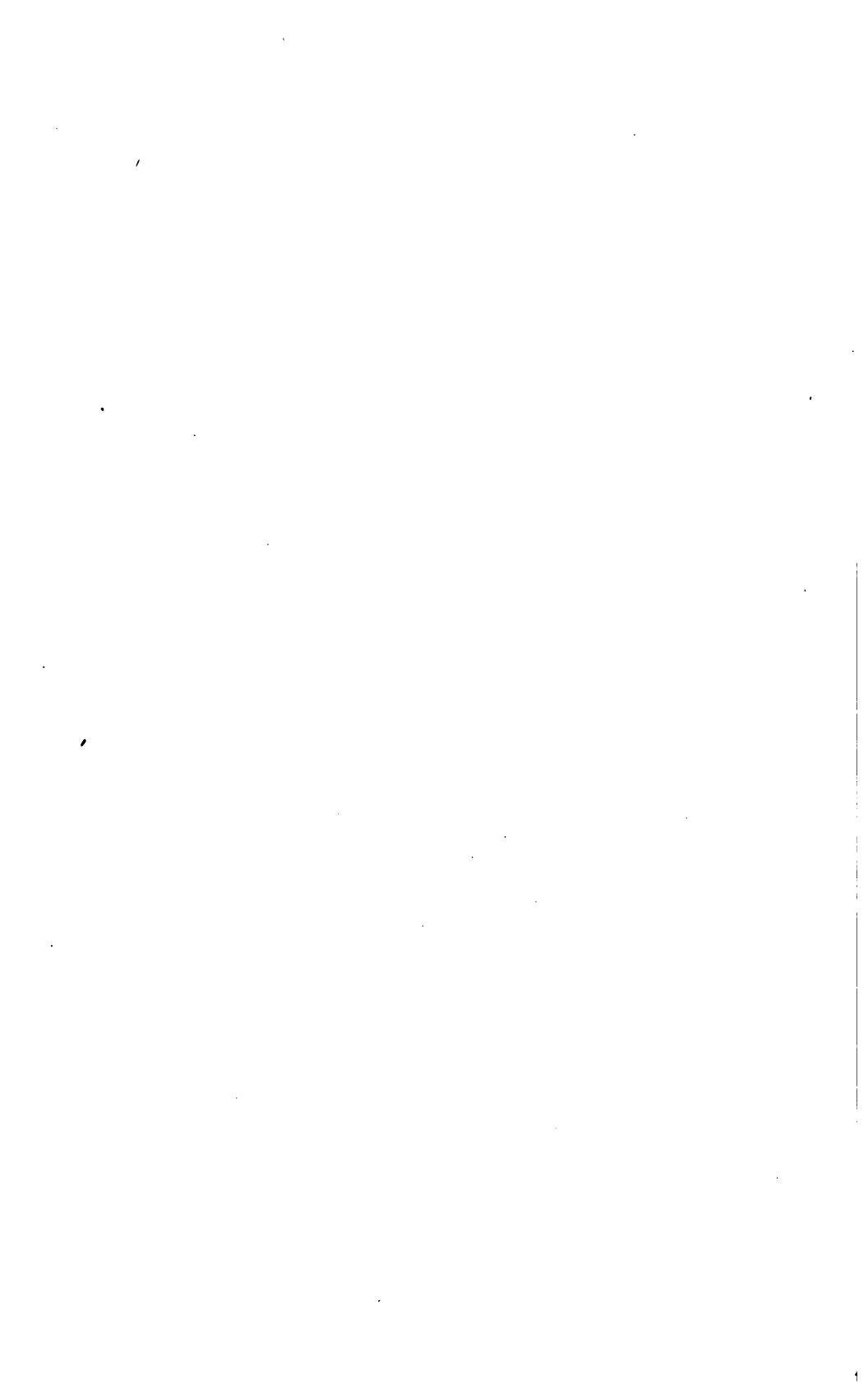
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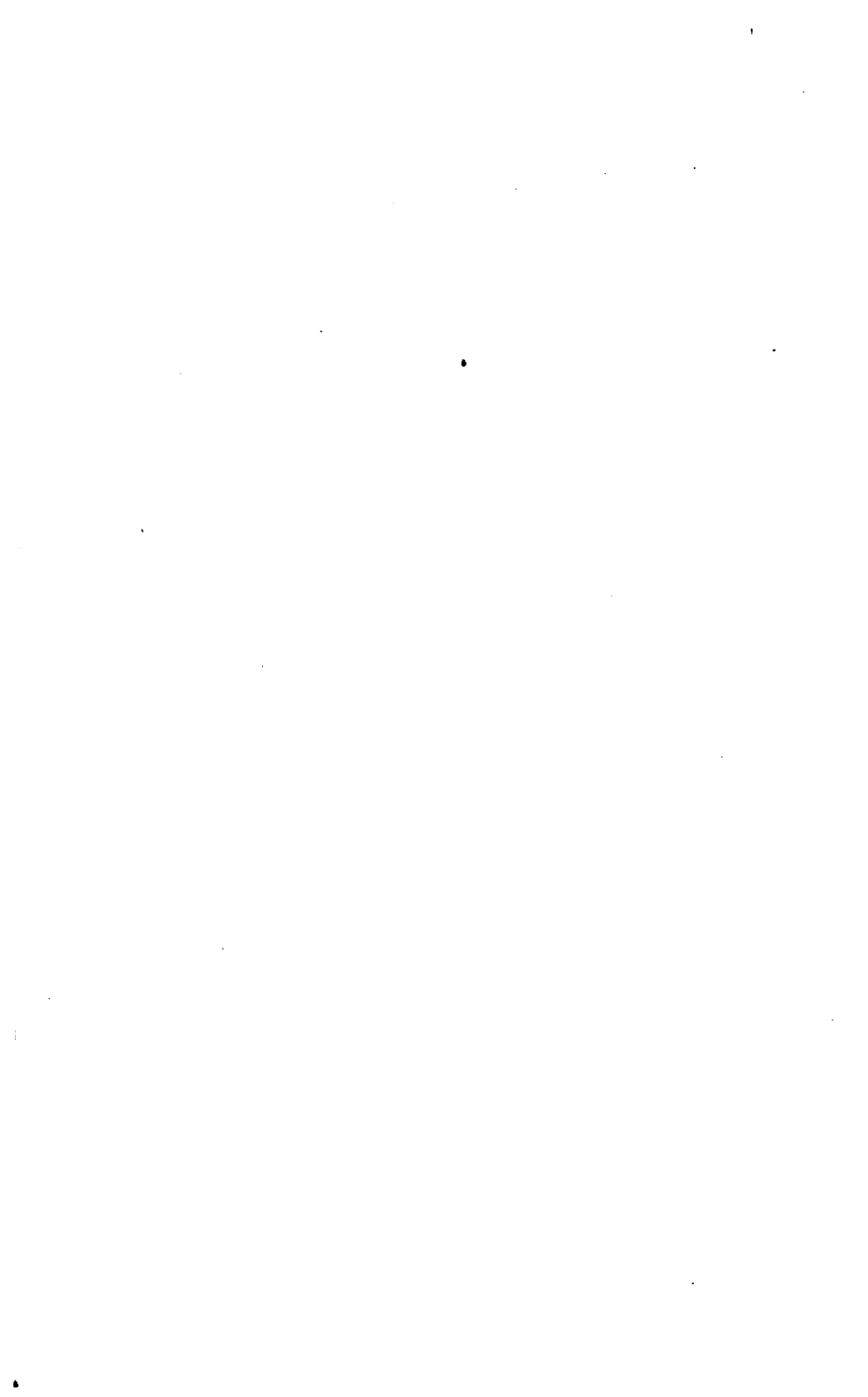
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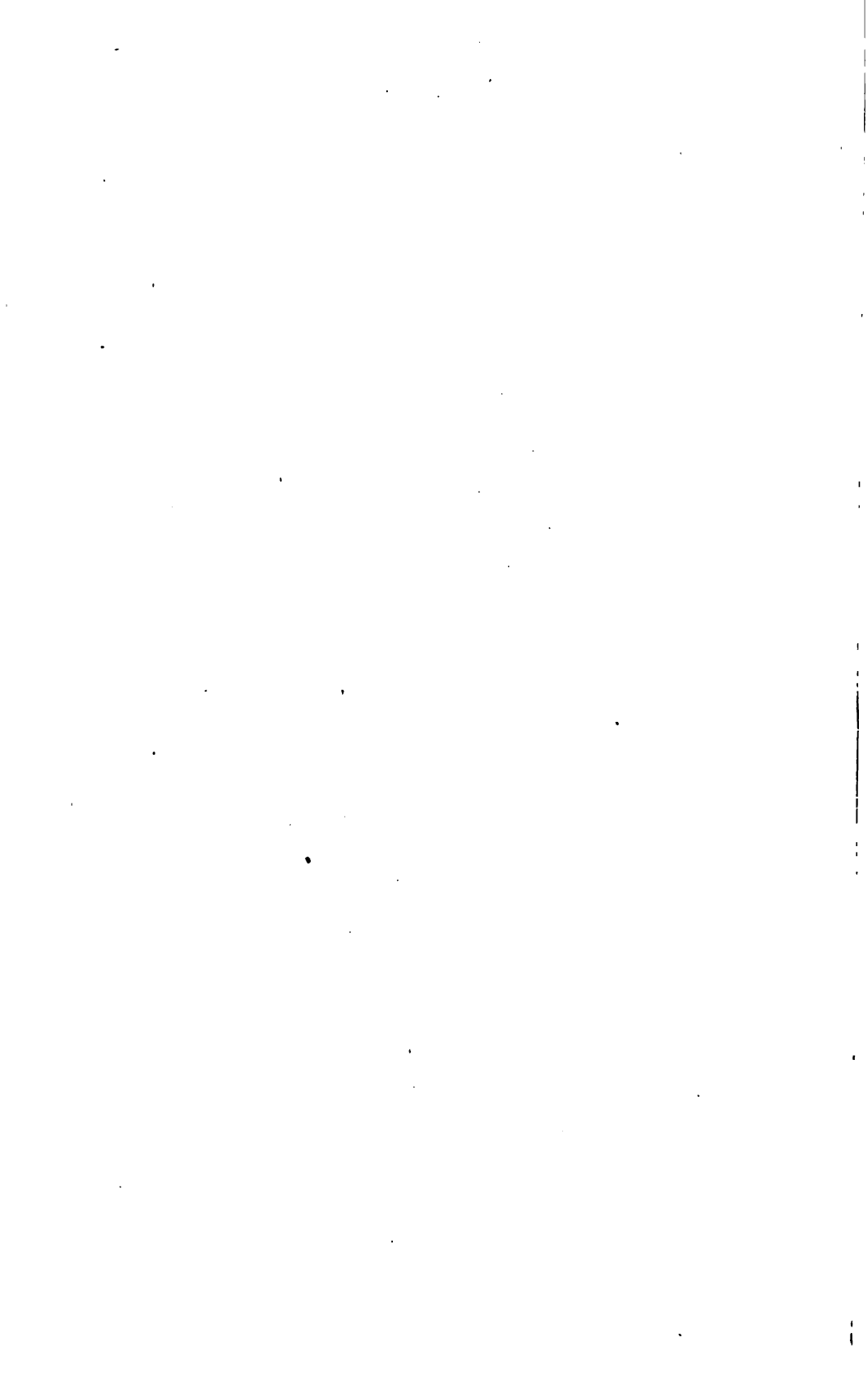
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RAILROADS IN ALASKA

HEARINGS

BEFORE THE

COMMITTEE ON THE TERRITORIES

OF THE

HOUSE OF REPRESENTATIVES

60TH CONGRESS, 1ST SESSION

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RAILROADS IN ALASKA.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Friday, April 3, 1908.

The committee met at 10.30 a. m., for the purpose of considering certain bills in relation to railroads in Alaska.

The CHAIRMAN. The meeting has been called this morning for the purpose of considering bill 14389, in reference to railroads in the district of Alaska; and Mr. Lovering, of Massachusetts, desires to be heard.

STATEMENT OF HON. WILLIAM C. LOVERING, A REPRESENTATIVE FROM THE STATE OF MASSACHUSETTS.

Mr. LOVERING. Mr. Chairman, this bill is practically the same measure that was provided for building roads in the Philippine Islands, which bills were, in fact, drawn by the Secretary of War. In drawing this bill we have used the language of the Philippine bill.

It is useless for me to try to instruct you in regard to the necessities for this legislation. You are familiar, more so than I am, with the conditions in that section of the country; and suffice it to say that we think that those conditions are exceptional, and that for every dollar expended there by capitalists of this country and every dollar guaranteed by this Government will be more liberally repaid than money expended in any other section of this country.

There are some other things that I desire to say, but there are, perhaps, some other gentlemen here who had better be heard before I say anything further.

Mr. LLOYD. Are you familiar with the necessity for the legislation at the present time affecting the particular roads to which you refer?

Mr. LOVERING. This bill does not refer to any particular roads, although I propose to speak about one particular road later on.

Mr. LLOYD. Your bill is for the purpose of the relief of the Alaska Central Railroad.

Mr. LOVERING. It is a general bill. I am satisfied that whatever is done in Alaska must be done along general lines.

The CHAIRMAN. You have referred to this bill as a bill in aid of railroad construction.

Mr. LOVERING. Yes, sir.

The CHAIRMAN. As I understand it, those roads in the Philippines are short roads, not exceeding 100 miles in length.

Mr. LOVERING. I can not say as to that, but I think you are correct.

The CHAIRMAN. This Government did not practically enter into the business of aiding those roads, but helped the Philippine Government to aid itself.

Mr. LOVERING. That is practically true. The language of the Philippine bill is the language of this bill.

Mr. LLOYD. Except that this bill makes the United States the guarantor instead of the Philippine government.

Mr. LOVERING. The Secretary of War approves of this bill; and I should like, before you get through, to get some expression from him upon the subject now before you. Permit me to call first Judge Stewart.

STATEMENT OF MR. W. F. BAY STEWART.

Mr. Chairman and gentlemen of the committee, I am president of the city railroad of my city residence. That is what I am now doing.

Mr. LLOYD. What railroad?

Mr. STEWART. The Electrical Street Railroad at York, Pa. I became interested some years ago in building railroads in Alaska.

Mr. LLOYD. In what railroad are you interested?

Mr. STEWART. In the Valdez, Marshall Pass and Northern Railroad and the Valdez-Yukon Railroad. I am president of the latter railroad. For some years we have been attempting to build that railroad. We have accomplished something in the way of construction. We have spent a good deal of money, about all we can get for that project, and we have to some extent exhausted our resources in that direction, and have come here to ask Congress to assist us.

Every man who has had experience in attempting to build railroads in Alaska has found that that is a very difficult proposition. I presume that Members of Congress, and especially members of this Committee on Territories, are informed perhaps better on that subject than I am as to the conditions, resources, and wealth of Alaska.

Mr. LLOYD. Who are the financiers back of your enterprise?

Mr. STEWART. There are no financiers back of our enterprise. The gentlemen in connection with it are Mr. A. J. Stewart, Mr. H. Barring, and myself. We have had no financial assistance, and it is not our own fault, because we have tried to get such assistance. We have been unable to get people to put money in railroad building in Alaska. If we had strong financial backing we would not bother you gentlemen.

Mr. LLOYD. How much money have you expended?

Mr. STEWART. On the whole enterprise in the neighborhood of \$500,000. We have been spending a good deal more money than we have property to show for. In attempting to build railroads up there it is necessary to incur a considerable expenditure at the start. You can not get material and other things in there as cheaply as you can in this part of the United States. The transportation charges on material to Alaska is necessarily heavy, and transportation charges to the interior of Alaska from Valdez or any other place is still heavier. It costs nearly \$1,000 a ton to get small freight to the interior of the country.

We have for several years past sent in there a bunch of miners with equipment and supplies, and the freight charges have been from \$300 to \$600 a ton to get their stuff in.

Mr. LLOYD. Do you mean the expenses for the railroad have been as high as that in sending in miners and provisions?

Mr. STEWART. That has not all been entirely for the railroad. That is only a part of it.

Mr. LLOYD. Does your project include mining propositions also?

Mr. STEWART. It does.

Mr. LLOYD. How much was expended on the railroad enterprise alone?

Mr. STEWART. I could not give you very definite figures about that, but \$300,000, at least, have been expended on the railroad. We had to pay for our terminals.

Mr. LLOYD. How much road have you built?

Mr. STEWART. I do not think we have built more than 2 or 3 miles of track, but, to begin building, the first thing to do was to put in a wharf sufficient to receive the material we had to send in there. We spent, I think, some \$40,000 or \$50,000 in building that wharf. That was essentially the first step. We could not land our material until we got a wharf. That was our first step, because it was to be the terminus when the railroad was completed, and it was necessary to have a terminus, in any event.

Mr. CAPRON. Where is that?

Mr. STEWART. At Valdez. We commenced at tidewater at Valdez Bay, pass through the Low River, and then go through Keystone Canyon and over either Marshall Pass or Thompson Pass. We go down to the Copper River; and one thing we have in contemplation is the building of a line up the Tanana to Fairbanks and another line leading into the copper region. The building of a railroad across Alaska from Valdez to the Yukon River and down to the Tanana is a matter that is bound to come.

Mr. KIMBALL. What is the distance?

Mr. STEWART. Four hundred miles.

Mr. KIMBALL. What will it cost?

Mr. STEWART. To build it the whole way will cost \$20,000,000.

The CHAIRMAN. You propose to start at Valdez.

Mr. STEWART. Yes; up the Low River, through Keystone Canyon, and over either Marshall Pass or Thompson Pass.

The CHAIRMAN. Where will your northern terminus be?

Mr. STEWART. On the Yukon.

The CHAIRMAN. That is over 600 miles, is it not?

Mr. STEWART. It is 411 miles, and a branch down the Tanana to Fairbanks, and another branch running from Copper Center to where there is located these enormous copper deposits. My brother, who is here, suggests that it would cost \$30,000 a mile, but I am putting it at the outside figures. I do not want to say it is going to cost \$12,000,000, and then find it will cost \$20,000,000. The cost of building will be less as we proceed. When we have built 20, 30, or 50 miles of road, we can get material cheaper, because we will go over our own railroad. It is a long distance to transport material to begin operation. We have sawmills, and we have an office building and an engineer's building and everything of that kind at Valdez, and we are working up to Keystone Canyon.

We assume that we will be eventually able to build this road ourselves as far as Copper Center into the copper section, but we will not be able to build it through to the Yukon River, and that is an important matter for Congress to consider.

Our terminus in the Yukon, at Eagle City, is the boundary between British America and the United States territory. It is to be hoped that in these days, when we are continually preaching peace, that we will have no more war, but we might have, and it might be important for the United States to land troops by rail on the Yukon River. Before that can be done the railroad must be built at some place on tidewater to the Yukon, and the most feasible route is the one over which we are attempting to build this road.

Mr. LLOYD. Do you think it is any more feasible than the Alaska Central Railroad?

Mr. STEWART. I do not know that it is. The Alaska Central Railroad is attempting to do the same thing. That road is a great distance from our route. I am not opposing the Alaska Central Railroad nor anybody's else railroad. I did appear once before this committee to oppose a bill to aid in the building of a particular railroad in Alaska, because I felt it was not fair to aid one particular railroad, and for that reason I appeared before this committee to oppose the passage of that bill, but I have never opposed the granting of a general right. I want to give everybody a fair chance.

At that particular time I believe I suggested that a general bill of this kind would be acceptable to us, but that has been some time ago. I am not fighting anybody as to the railroads and would be glad to see the people who are attempting to build railroads in Alaska get assistance from the United States for that purpose.

This does not mean an expenditure of money on the part of the Government. It simply means the credit of the Government to enable the people interested in building roads in that country, so that we can advance our project. There is no doubt of the profit in this road when it is built. I am willing to put my money into it.

Mr. LLOYD. How many roads are attempting to build up the Copper River?

Mr. STEWART. Possibly three. There are two roads that have made an effort toward building up the Copper River, as we understand it. I do not say that we are building up the Copper River or making an attempt to do so. We build through the Keystone Canyon and down to the Copper River. There are other projects which hope to build up the Copper River. How far those projects have gone and whether they are feasible I do not know. They do not seem to be making much headway.

Mr. LLOYD. Are they practically all crossing the same country and the same copper fields?

Mr. STEWART. They would all reach the same section of territory if they build up the Copper River. Our idea in going up the Copper River is to avoid going over the mountains. If they go through the break in the mountains they would eventually come on to the same territory we strike in going through there. I think there are two railroads that have been attempting to build there. We are not interested in any general scheme of building railroads in Alaska.

Mr. LLOYD. If there are three roads who are practically building up the Copper River, or seeking to build through the Copper River country, to get to the copper fields, would it not be unwise to aid all three of those roads in the same territory?

Mr. STEWART. I should think so. I do not think the Government ought to aid in the building of three parallel lines, if that were possible.

Mr. LLOYD. How would we determine which one of the three we should assist?

Mr. STEWART. We have the right and can build.

Mr. MCKINNEY. Would it not put you in the position of the other companies which formerly applied, and which you say you opposed, if we should extend this aid to your road?

Mr. STEWART. I think I stated my position in reference to that before you came in. I said that I had appeared here to oppose that for a particular road. What I want is that the Government shall aid the building of railroads generally. If I imagine that it would be feasible at all to build a railroad up the Copper River, I might perhaps be of the same opinion that you are now. I do not think it is possible to build a railroad up there. I think that the opinions of the engineers on the subject, at least it is the opinion of those with whom I have consulted, is that it is absolutely impossible to build a railroad up the Copper River.

Mr. LLOYD. Are you aware that the two companies who have been endeavoring to build a route up the Copper River have advanced the proposition that their route is more feasible than yours?

Mr. STEWART. I have not, but I have consulted with engineers who have gone over our route. One engineer says that our route is not difficult enough to be interesting as an engineering proposition.

Mr. LLOYD. That is one of the most encouraging reports that we have heard from Alaska.

Mr. STEWART. I had our engineer over this route one year ago last summer. He is a man of absolute integrity, honesty, and truth, and a man whom I have known ever since I was as high as this table; a man who is familiar with the situation and knows what he is talking about, and he says it is not difficult to build our road. He went from Valdez up to the copper deposit. He is a railroad engineer and is in business as a railroad operator. I am not a railroad engineer myself.

Mr. CAPRON. How many miles would have to be built before you would strike the copper property?

Mr. STEWART. About 120 or 125 miles—that is, our particular property. But you must remember that there are several copper properties between tide water and where our properties are located.

Mr. CAPRON. I mean your property.

Mr. STEWART. There is one copper property within 20 miles of tide water along the route of our road, and they are distributed along through that section; but the great copper field is about 120 to 125 miles from tide water. We must get to the Copper River first and then go up the Copper River to that section where the copper properties lie. These are in the vicinity of Mount Wrangell.

The CHAIRMAN. Under what State are you incorporated?

Mr. STEWART. The Valdez, Marshall Pass and Northern is incorporated under the laws of New Jersey. It has primary right. Subsequently we took out a charter under the laws of the State of Virginia, and that proposition was known as the Valdez-Yukon Railroad, and which is in the position of a contractor to build the railroad for the Valdez, Marshall Pass and Northern. Our securities, issued by the Valdez, Marshall Pass and Northern Railroad, are guaranteed by the Valdez-Yukon Railroad Company. I can not give it to you exactly, but I think the Valdez, Marshall Pass and Northern was incorporated about three or four years ago. I have not the exact date.

The CHAIRMAN. What has been done in the way of surveys?

Mr. STEWART. We have completed our final surveys to a distance of 34 miles, and still have time under the law in which to complete our survey.

The CHAIRMAN. Have you made a preliminary survey, and if so, how far?

Mr. STEWART. I am not able to say just how far. We have made preliminary surveys in addition to that. You may recollect that the act was passed a little over a year ago extending the time for the completion of the survey. That time will not expire for quite a period yet, so that our right to build our road is unquestioned.

Mr. McKINNEY. You have begun construction?

Mr. STEWART. Yes, sir; we have graded some 10 or 12 miles, and we have done work on 20 miles altogether. We have laid about 2 miles of track from the wharf at Valdez.

The CHAIRMAN. Where are the mining interests of your company of which you speak; are they in the copper country? It is a copper project?

Mr. STEWART. We have copper properties. We have copper property of about 1,000 acres; but there are other people who have located their copper properties all around the section of the country where we are.

The CHAIRMAN. Are you incorporating for the purpose of constructing a railroad and also owning copper ore?

Mr. STEWART. The railroad company does not own the copper. Practically the same interest owns the copper property that is interested in building the railroad. Of course, there is no use in attempting to make concealment. One of our objects is to get that copper out.

The CHAIRMAN. It is very valuable if you get it to market?

Mr. STEWART. Yes, sir; but where it is now it is no more valuable than the sand on the street.

The CHAIRMAN. Precisely. When did you first begin the construction of this railroad from Valdez?

Mr. STEWART. I think it was two years ago this summer.

The CHAIRMAN. Is your road a standard gauge?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Have you any rolling stock?

Mr. STEWART. We have some. We bought a locomotive, but we could not get it up there. We did not own the transportation company and we could not get it beyond Seattle.

Mr. HIGGINS. The transportation company would not carry the locomotive?

Mr. STEWART. There always seemed to be trouble about taking the locomotive on the vessel. It is, of course, somewhat of a difficult thing to handle and it has to be a deck load, so we found that there was a good deal of objection to taking a locomotive, but just why we did not understand.

The CHAIRMAN. How far have you graded your road?

Mr. STEWART. About 8 to 10 miles. I think we have cleared about 8 miles more.

The CHAIRMAN. How far have you laid ties?

Mr. STEWART. I do not know. There have not been over 2 or 3 miles of ties laid.

The CHAIRMAN. How long since you completed those 2 or 3 miles?

Mr. STEWART. It is at least a year. We are working all the time. We have accomplished very little, however, within the last six or eight months.

The CHAIRMAN. State to the committee just the kind of work that is necessary in that part of Alaska in preparing a railroad to put on the ties.

Mr. STEWART. You must first clear the ground and clear up the grade.

The CHAIRMAN. Is there any tundra there?

Mr. STEWART. No.

The CHAIRMAN. What is the depth of the tundra grass?

Mr. STEWART. I could not answer that.

The CHAIRMAN. I understand that that must be removed before you can proceed with any work of grading.

Mr. STEWART. I am not familiar enough with that matter to say whether that is so or not.

The CHAIRMAN. You are on the ocean side of the coast range?

Mr. STEWART. Yes, sir.

The CHAIRMAN. As yet you have made no progress in getting through the mountains?

Mr. STEWART. No, sir; we have not.

The CHAIRMAN. Which way do you get through the mountains?

Mr. STEWART. We go through the Keystone Canyon. We go through either Marshall Pass or Thompson Pass. One is 1,800 feet and the other is 2,100 feet in height.

The CHAIRMAN. What is the elevation of Keystone Canyon above tide?

Mr. STEWART. I could not give the exact number of feet. My understanding is that it is not very high. The heaviest grade is about 3 per cent. That grade depends upon where we put our tunnel. If we want to stand a heavier grade, we can go higher up and begin the tunnel. It would give us a shorter tunnel. If we avoid the heavy grade we must have the tunnel that much lower. That is not necessary for the reason that the transportation will be out of the country and not into the country.

The CHAIRMAN. Will you state to the committee what railroad, if any, is proposing the construction of a railroad from Valdez in any direction?

Mr. STEWART. There is none at the present time. Two roads started from Valdez, neither of which, as I understand it, are now in existence. They did some work in Keystone Canyon last fall. Another company began there last fall; it was a narrow-gauge road and it put down 30-pound rails. I understand that it has been discontinued. I do not know whether it has been actually discontinued or not. It got into financial difficulty.

The CHAIRMAN. Your road is the only one on which anything has been done in the way of construction?

Mr. STEWART. No; work has been done on these other roads.

The CHAIRMAN. No rails have been laid?

Mr. STEWART. Rails might have been laid on the road known as the Home Railroad.

The CHAIRMAN. Do you know how far they got away from Valdez?

Mr. STEWART. I do not.

The CHAIRMAN. Was it their idea to avail themselves of Keystone Canyon?

Mr. STEWART. I do not know what their object is.

The CHAIRMAN. I understand their object is to go through the mountains.

Mr. STEWART. Anybody building must go through the Keystone Canyon. That is the only pass. They must all go through there.

The CHAIRMAN. What is the distance from Valdez to the Copper River by the route you propose; is it not something like 125 miles?

Mr. STEWART. It is not that far to the copper country. It is that distance to where the main copper property lies.

The CHAIRMAN. You have to cross the river?

Mr. STEWART. We crossed the Low River between Valdez and Keystone Canyon.

The CHAIRMAN. You mean the Copper River?

Mr. STEWART. Yes, sir. There is no trouble in crossing where we propose to cross.

The CHAIRMAN. What is the width of the river there?

Mr. STEWART. It is only something over 500 feet.

Mr. McKINNEY. I have forgotten the figures you stated as the probable entire cost of the road clear through to the Yukon River.

Mr. STEWART. No engineer could answer that question definitely. I am sure I can not. I should say that \$20,000,000 would do it. Considerably less might do it.

The CHAIRMAN. What is your general estimate per mile of the cost of construction of railroads in Alaska?

Mr. STEWART. We have had estimates from engineers from \$20,000 up to \$35,000 per mile. That is for a standard gauge.

The CHAIRMAN. What weight of rail?

Mr. STEWART. Sixty-pound rail.

Mr. HIGGINS. What right has the Federal Government to guarantee interest on bonds for the benefit of a private enterprise, such as the one under consideration?

Mr. STEWART. I should say that the Government had no right to guarantee a private enterprise, but this is not a private enterprise. A railroad is not a private enterprise. I would not consider it as such. The Government exercises control over railroads, so they are not private enterprises. The Government did guarantee several such bonds.

Mr. HIGGINS. I am not asking what the Government did, but I am curious to know what right the Government has to guarantee interest on bonds, if you have any statement to make on that point.

Mr. STEWART. I am not prepared to go into it. I do not think, however, there is any doubt about it.

Mr. HIGGINS. I think there is a good deal of doubt about it.

Mr. CAPRON. The vital point, I think, is as to whether or not we ought to extend aid to these projects.

Mr. STEWART. I did not take the trouble to look into it, because the Government has been exercising that right and I presumed the question had been settled.

Mr. REYNOLDS. Has any report been made by any Government officer on this subject?

Mr. LOVERING. It has been by Secretary Taft. He wants to appear before the committee.

The CHAIRMAN. I do not remember that he expressed himself in that particular way. It is a mere matter of recollection with me, but I think he expressed himself in favor of no particular railroad construction at that time.

Mr. LOVERING. He recommends it.

Mr. HIGGINS. I do not think he went so far as to go into the question of the right of the Federal Government to do it.

Mr. REYNOLDS. There is no regular report submitted from any Department.

Mr. LOVERING. I am not aware of any.

Mr. STEWART. I understand that the President has, in one or two of his messages, recommended aid to the building of railroads. I would like to submit as a part of my remarks the report on the most feasible route for a trunk line system of railroads in Alaska, by Brig. Gen. A. W. Greely, Chief Signal Officer of the United States Army, who spent several years in the Territory, as follows:

THE VALDEZ-YUKON RAILROAD AS AN ENTERPRISE OF NATIONAL IMPORTANCE.

Apparently the one absorbing topic of conversation discussed and debated by the citizens of the United States interested in the development of the interior of Alaska is, Why can not we American citizens be given an all-American route to our seaboard and our distant homes in the States; why should we be compelled to pay tribute to a foreign nation for developing our own domain? As a result of over thirty years' exploration and research by the War Department, the choice of lines of travel over American territory into the interior of central Alaska points to three different routes. The most northern and most extensively used is that from the Pacific Coast States by sea to the mouth of the great Yukon River, that empties into the southern part of Norton Sound. This voyage, through the Pacific, Bering Sea, and the southern part of Norton Sound, is available as a means of transportation for traffic into the interior of Alaska from May to November (six months). From St. Michael, at the mouth of the Yukon, will be found river steamers of about the same general character as those used in the earlier history of navigation of the Mississippi and Missouri by the overland emigrants to Oregon. This means of transportation is available from the middle of June, when the ice passes out of the Yukon River, until the middle of September (three months), when its northern tributaries begin to congeal and the flow of ice precludes further navigation.

The second route available to-day is that through the Gulf of Alaska to the mouth of the Kuskokwim River, from which point an overland route is available to the lower Tanana Valley. This route is available from the latter part of April to the middle of November (seven months). But the headwaters of Cook Inlet are of a character that renders navigation for ocean-going steamers extremely difficult.

The third and by far the most desirable route is that through the Gulf of Alaska and Prince William Sound into the waters of Port Valdez, a landlocked harbor with anchorage sufficient to accommodate the navies of the world. The temperature and depth of its waters are such as to render it available as a harbor for ocean-going steamers during every day in the year. Through Keystone Pass, over the Coast Range of Mountains, thence through the valley of the Copper River, crossing the main range of the Rocky Mountains at Monastash Pass; thence across the headwaters of Tanana River to the Forty-Mile country to the headwaters of the American Creek, and down the stream to Eagle City, on the banks of the Yukon, the entire breadth of central Alaska is traversed over this line on an all-American route, which is the shortest through American Territory by 250 miles, and extends through a section of country that may in a few years be self-sustaining. Over this route citizens of the United States may travel at will without taxation or the petty annoyances necessarily incident to travel through a foreign country. This route appears to have hydrographically and geographically a preponderance of advantages that entitles it to favorable consideration as the all-American route from the seaboard to the upper Yukon River in Alaska.

EXTRACT FROM THE REPORT OF THE SENATE COMMITTEE, JANUARY 12, 1904, APPOINTED TO INVESTIGATE TRANSPORTATION CONDITIONS IN ALASKA.

Valdez is the most northern harbor in the Pacific Ocean. It is in all essential particulars the finest harbor on the coast, being open and free from ice throughout the year, and is the natural gateway to the interior. It is the key to the Copper River country, the upper Tanana, and the Forty mile district and their future development. The time has now come when at least the construction of a wagon road over this route is imperatively demanded.

The only project which the United States Government can at present propose as an offset to the stupendous undertaking (Grand Trunk Pacific of Canada) is to connect the waters of the Pacific at Valdez with those of the Yukon at Eagle. Valdez's position makes it the nearest seaport to the whole northern interior of Alaska and the north-western territory of Canada. Copper River breaks through the Alaskan range at a short distance from Valdez, and, as already appears, the grades are such that there will be no difficulty in surmounting the divide and reaching the valley of the Yukon.

Through this valley the whole interior of Alaska and portions of the Yukon territory can be opened up to the American trade.

The construction of a wagon road will undoubtedly be followed by the establishment of a steam railroad, and this will be the first great step taken by the Government toward holding the Alaskan trade for the United States. It is as much of a duty to build the road and secure the American interests of that district to the United States as it was to build the first Pacific railroad to connect the Pacific coast with the territory east of the Rocky Mountains. British capital built the railroad from Skagway through American territory to the summit of the White Pass.

Though this route is the longer from tide water to Dawson, it is the only open road to the interior. The necessity for other roads in other sections of this district is urgent, and provisions for their construction should be adopted as rapidly as possible.

STATEMENT OF MR. CHARLES H. MERILLAT.

Mr. Chairman and gentlemen of the committee, I appear in behalf of the Alaska Central Railroad as one of its attorneys. Mr. A. C. Frost, president of the railroad, was unable to come here and attend to the matter in person, and the chief counsel of that road is on the Pacific coast.

The Alaska Central Railroad, I am authorized to state, is not opposing any other road. Its territory lies wholly separate and distinct from that of any other line. No other line as projected can encroach upon its territory at all. There can be no competition.

The CHAIRMAN. Your road is from Seward to Fairbanks and on to the Tanana, and is constructed something like 50 miles.

Mr. MERILLAT. The Alaska Central Railroad is in favor of granting general relief, and if general relief can not be given of course it would like to be heard on its own special merit.

It has spent in actual money \$4,150,000 in round numbers. Of that amount \$3,670,000 approximately has been expended for surveys, construction of road, terminals, and equipment. The interest and carrying charges have been approximately \$344,000, and the general expenses, administration, legal and other expenses have been approximately \$137,000.

For that amount of money we have 52 miles of completed road, which comprises the most difficult part of the work to be done. There is some rough work yet to be done that is difficult, but not comparable in cost to the piercing of a mountain, where seven tunnels have been built in 7 miles.

In addition to that we have built docks, wharves, warehouses, and a permanent office building at Seward. The road has been constructed on a standard gauge with 65-pound rails. The maximum gauge is 1 per cent, except over the two mountain ranges, where it is 2.2 per

cent. The maximum curvature is 14° . From 52 to 53 miles of this road is completed and in operation. The construction is in every way substantial and good. The road is two-thirds completed, to the 75-mile line, and we have a full supply of all kinds of materials, ties, rails, etc., on the ground necessary to build and complete the road to the 75-mile point. Our operations, however, have been suspended, owing to the financial situation, and, consequently, contracts have not been authorized to continue construction work on the road. In addition to what I have named, there has been a large amount of work done from the 75-mile point to the 105-mile line.

The CHAIRMAN. How far is it inland to the coal field?

Mr. MERILLAT. I am coming to that. In addition to that the Alaska Central Railroad has complete surveys for 225 miles and preliminary surveys for the entire 476 miles of its projected road. If that road be completed for about 185 miles, including the branch necessary to go to the Matanuska, then it gives you access to the rich Matanuska coal fields, which, according to the experts in coal in the United States, are as good as the Pocahontas coal fields. These coals these experts state are as good for the use of the United States Navy as is the Pocahontas coal, and the supply is sufficient for years and years to come.

In addition to that there are known to be anthracite fields. The coals of the Matanuska field have been reported upon by Mr. William Griffith, of Scranton, Pa., one of the ablest experts in the world on coal, and he verifies these statements. Two experts who have been sent to the Matanuska coal fields by the United States Geological Survey say that the Matanuska coal is all that is claimed for it. The coal they report exists in veins of 9, 12, 15, 25, and 36 feet in thickness. That has been demonstrated.

The CHAIRMAN. What is the distance between the Copper River coal fields and the Matanuska coal fields, as the crow flies?

Mr. MERILLAT. I could not answer that question, but Mr. Barring tells me it is 400 or 500 miles. It is so far away that you can not possibly give it any consideration in any practical sense.

The CHAIRMAN. It was for that purpose that I wanted to make the inquiry.

Mr. MERILLAT. The United States Navy at this time—Admiral Evans's fleet being away—is consuming 240,000 tons of coal per year on the Pacific coast. If the big fleet is to continue on the Pacific coast it would take over 400,000 tons of coal per year, according to the figures furnished me by the Navy Department.

Now, I want to say something about the analyses of the Matanuska coal. The report shows that so far as chemical analysis can determine it the coal is entirely fit for the use of the United States Navy. There is no question but what on the Pacific coast, by the use of this coal, or perhaps some other Alaskan coal, the Government would save a large amount of money. The present price that the Government pays is \$9.20 per ton on the general average.

The CHAIRMAN. From whom does it purchase?

Mr. MERILLAT. It purchases from the Pocahontas people or from people in allied fields to the Pocahontas West Virginia fields, or else it purchases the Welsh coal.

The CHAIRMAN. All the coal that is used on the Pacific coast is Welsh coal, except where it is transported by special arrangement; is not that true?

Mr. MERILLAT. That is true, but I want to state another thing so that it may not be misleading. There is a considerable quantity of Pocahontas coal used, but it all has to be transported to the Pacific coast. What happens at the Navy Department is this: They take the Pocahontas fields, the Welsh fields, the California fields, and the British Columbia fields and bring them into competition, using each one against the other—and perhaps it is a very proper administration to avoid paying too high a price—but unless there is a very marked degree of difference in price the Navy will not use the British Columbia or the Pacific coast coal. The reason they do not use the British Columbia or Pacific coast coal is because it is too severe a strain upon the men, engineers, firemen, and stokers, to operate the vessels of the Navy with coal of inferior grade. If they use this inferior coal, they break down the force on which they depend for effectual steaming service and effectual fighting quality, so that the Navy must either transport this coal or buy it from abroad.

The Navy Department recognizes the vital importance of securing a good, high-quality coal supply upon the Pacific coast, and has reserved some 3,300 acres of land at Seward, on Resurrection Bay, the seacoast terminus of the Alaska Central Railway, for the purpose of establishing a naval coaling depot there, and we are advised that the Government is exceedingly eager that this Matanuska field be developed, and I say this in no spirit of disparagement of other coal fields. It is desirable that there should be a coaling depot at a railroad terminal where there is a landlocked harbor and where there will be connection with high-grade coal fields. The main object is to make the United States supreme and complete within itself, so far as the Government itself is concerned, by having a coal depot upon the Pacific coast upon which she can rely in the event of any untoward events, such as war, and avoid thereby reliance on foreign nations for coal.

Mr. HIGGINS. Was that the object which you had in view in expending this \$3,000,000 or \$4,000,000?

Mr. MERILLAT. Absolutely not. At the time that the Alaska Central Railroad was projected we did not know of the existence of the Matanuska coal fields, and those coal fields were not originally considered in the building of the Alaska Central Railroad.

Mr. HIGGINS. By whom are these coal fields owned?

Mr. MERILLAT. By various locators, and that is one matter which we desire to present and say that these coal locators' holdings are 160 acres each, which is all they can take under the law.

Mr. HIGGINS. Are any of those people stockholders in your road?

Mr. MERILLAT. I think there are two stockholders in our road who have 160 acres each of this land. I may be mistaken. If it turns out to be four stockholders, I do not want it to be held as an error of mine. The Matanuska coal fields were not known at the time of the projection of this road. There is one statement I want to make before I close. According to the reports, which have been verified, there is also gold and other minerals up there. The existence of these minerals originally caused the projection of the road. It was proposed to go to Fairbanks. It also was known that the Sushitna Valley was of immense extent, fertile and very promising territory. The road therefore was projected to the Tanana, which is navigable to the Yukon.

Mr. HIGGINS. For what purpose?

Mr. MERILLAT. The object doubtless was to get to the gold fields. It is gold that always allures. There is a quantity of gold, copper, and antimony there.

Mr. HIGGINS. Who is your principal stockholder?

Mr. MERILLAT. Mr. A. C. Frost is the principal stockholder.

The CHAIRMAN. I wish at this point to call attention to something that was testified to before this committee by Secretary Taft. He said:

We are not mining coal in the Philippines. I presume that on the Pacific coast the Welsh coal is bought for the Navy. It is not as good as the Pocahontas coal, but there are places where the Pocahontas coal can not be obtained by the Navy.

Mr. MERILLAT. An estimate has been made of the cost of producing and transporting the Matanuska coal, and it is shown that it will cost between \$5 and \$6 per ton for this Matanuska coal laid down at the navy-yards on the Pacific coast when the Matanuska coal fields are fully developed. For the first year or two it would cost probably \$7 or \$7.50 per ton at a time when the operations will produce only 1,000 tons or more per day, but when they produce 2,000 tons or more per day it can be delivered for \$6 and less, against the present cost of \$9.20. That saving to the Government alone would exceed \$800,000 per year, which is 4 per cent on \$20,000,000.

If the Alaska Central road can secure aid to the extent of \$5,000,000, the road will be completed to the Matanuska fields within eighteen months or two years, depending upon the date when the legislation is authorized by Congress.

Mr. HIGGINS. Is the road being profitably operated now?

Mr. MERILLAT. No, sir; there is only 52 miles of it, and there are 7 tunnels in 7 miles, so it can not be profitable, of course, to operate that short distance. It is designed to get to the richer territory beyond. The road first has to cut through the Coast Range of mountains.

Mr. HIGGINS. You have 52 miles of road, and you made the statement of it having cost a number of millions of dollars. What is the cost per mile?

Mr. MERILLAT. Yes; I gave a complete statement of what has been done up to date. I could not segregate the cost for each mile, but presume it would figure \$50,000 to \$60,000 a mile for the first 50 miles. This is the most expensive part.

Mr. HIGGINS. Generally speaking, can not it be built for less than that?

Mr. MERILLAT. The entire cost will not be anything like that average.

Mr. HIGGINS. Would it be less than that or more?

Mr. MERILLAT. It would be less. Close to the tide water there are a number of mountain ranges.

The CHAIRMAN. I have understood that \$50,000 or \$60,000 a mile is more than the cost, generally speaking, of building railroads in Alaska. Some of the roads were more difficult to build.

Mr. MERILLAT. We have gone through the coast range, which is the hardest part by far. The next work that has to be done is rough, rock-faced work alongside the mountains, and then the road gets to the gravel beds. After that it is easy.

Mr. CAPRON. I would like to have Mr. Merillat state the number of miles from the Alaska Central Railroad down to the Matanuska coal fields.

Mr. MERILLAT. It is 184 miles.

Mr. CAPRON. Does that include the branch?

Mr. MERILLAT. Yes, sir. The branch is forty-odd miles.

Thereupon, at 11.50 a. m., the committee adjourned to Saturday, April 4, at 10.30 a. m.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Saturday, April 4, 1908.

The committee met at 10.30 a. m., Hon. Edward L. Hamilton chairman, presiding.

The CHAIRMAN. Mr. Merillat will conclude his statement of yesterday.

STATEMENT OF MR. CHARLES H. MERILLAT—Continued.

Mr. Chairman and gentlemen of the committee, when I closed yesterday I was speaking of the matter of coal and the advantage it would be to the Government and of the fact that, so far as concerned the Alaska Central Railroad, the Government might, in the first year of the completion of that road, save in the cost of the coal that is used at least twice the amount of money that it would be necessary for the Government to guarantee in order to insure the completion of our road to the coal fields within eighteen months or two years from the passage of the act. I mention the two periods of time particularly because the time of the passage of the act by Congress would affect it. If it were passed at one season of the year it would be eighteen months, and if at another season it would be two years.

With reference to this question of coal, there can be no doubt that the Alaska Central road was not projected with any reference to this coal supply, for the reason that it was incorporated in 1902. It was surveyed in 1903, and no coal locations were made until subsequently, and those locations were made by Mr. Frank Watson, who did not at that time know Mr. Frost, of the Alaska Central Railroad, but when Mr. Watson located the coal and learned the Alaska Central was projected within forty-odd miles of his locations he got into communication with Mr. Watson, who was representing himself and others authorized to make locations.

In reference to the coal located in Matanuska Valley, the entire amount is less than 10,000 acres of coal land, which statement can be verified at any time by reference to the office of the Commissioner of the General Land Office, who has a record of every coal location. The coal land is now withdrawn from entry.

There can be no monopoly by anybody of the coal supply up there, for the reason that the original report showed there were 70,000 acres in the Matanuska coal territory, which were just as good as the coal locations made by Mr. Watson and those for whom he was agent. Expensive and elaborate later reconnoissances made by parties sent by the Geological Survey now shows that there are at least 280,000

acres of coal lands in the Matanuska fields, and hence no monopoly is possible. Furthermore, under the terms of the bill, there would be regulation by the Government of railroad operations, which would insure to everybody operating fair treatment, so that when you authorize or guarantee interest on the bonds all that you do is to aid in railroad construction, which makes possible the production and the marketing of the commodity that is there; you do not create or tend to create a monopoly.

I have already dwelt on the benefits to the Navy and to the Government, because I thought that was a particular argument which would appeal strongly to the gentlemen of the committee as showing the great advantage to the United States of the extension of the financial credit of the Government of the United States.

Now let us look at the general benefit. It may be said that the Alaska Central Railroad will get the benefit of it as a private enterprise. To some extent it is a private enterprise, and to some extent perhaps it would aid persons who have invested more than \$4,000,000 in that railroad, but it is a general benefit.

This territory, acquired years ago through a purchase by the United States, will be benefited many times its original cost, and it will get that development immediately, instead of having to wait ten or twenty years, and the entire Pacific coast and all its industries will benefit through obtaining at much less cost high-grade steaming and coking coals, for want of which its industries now suffer.

The Susitna Valley, up which the railroad runs, is 400 miles in length. That valley will produce any crop maturing within one hundred days. That fact is before you already. Furthermore, along the country to be opened up they have placer deposits and minerals of all sorts. When you reach the Tanana you strike a section of country which is navigable to the Yukon River, and through the Yukon you reach the Nome country. In that way you reach the city of Fairbanks, where many citizens have located and have begun to produce wealth. You give a short route to the rich gold country of interior Alaska and benefit by railroad transportation the Americans whose enterprise has taken them there. You ought to do for this country, which is ours, what you have done for other countries, as to which we have more of a sentimental than any other kind of attachment. I refer to the Philippine Islands, Porto Rico, and Cuba. If it is possible and right that you should do for those countries, why should you not do something to benefit Alaska, and for the people who have gone up there and made homes and who are endeavoring to do what they can without the facilities afforded by railroad transportation?

The CHAIRMAN. In speaking of Porto Rico, I suppose you have reference to the aid given to the Americans there at the time of the hurricanes?

Mr. MERILLAT. Not particularly, except in a general way. I was referring more particularly to the fact that the United States undertook the work of rescuing Porto Rico and Cuba from Spanish rule mainly because we thought we ought not to have so near our shores such a condition as prevailed prior to the Spanish war, and we have further extended to them especial aid in various ways. I was not referring to any one particular case, but to the general scheme, and

also especially with reference to the Philippines and the railroads in the Philippines and the aid extended them.

The CHAIRMAN. There have been no Government constructions and no bond aid to railroads in Porto Rico, and of course we have not done anything of that kind in Cuba. The only place where we have done anything even indirectly is in the Philippines, where we have enabled the Philippine government to participate in the building of short lines of railroad there.

Mr. MERILLAT. That is true, and what we ask is simply an application of the principle of what we have done in other countries. We have done that which would seem under the conditions advisable for us to do for their benefit. Alaska needs aid in one way, just as did those countries in others.

The CHAIRMAN. I think that I express the views of many members of the committee, at least I express my own sentiments, when I say that I regard the construction of railroads in Alaska as of the very highest importance; and, speaking for myself, I am strongly in favor of railroad construction, but as to how that is to be done is the question.

Mr. MERILLAT. With respect to that I would say that, as a matter of fact, the Philippine railroad aid is extended through the Philippine government, and that aid is actually the aid of the United States Government. What has been done there has been done through the agency of the United States.

The CHAIRMAN. The aid has been moral and not legal.

Mr. MERILLAT. After all, it is moral aid of the United States; the Philippine bonds have a special credit because the United States is considered as behind the Philippine government in the matter; and this Government has passed a resolution that will result in giving those bonds a standing of special credit, and would give them perhaps special facilities when it comes to banking, under the bill which recently passed the Senate. That refers to the matter upon which you have touched.

If it were possible in Alaska to give aid through the resources of that Territory, and put the credit of Alaska behind railroads which are proposing to be built in Alaska, we would be entirely willing to accept it, and if you provided that those bonds so issued by the Territory, if such a thing were feasible, should have the credit of the United States to the extent that they should be security for the Government for the purpose of banking deposits and circulation, then we would have the exact situation as it prevails to-day in regard to the Philippines. If that be practicable, we are for it.

The CHAIRMAN. Alaska is really a continent in size, whereas the Philippine Islands are small, and railroad construction there is all of short lines, comparatively. The construction in Alaska would be necessarily trunk lines in order to open up the resources of the country.

Mr. MERRILLAT. With reference to that, I would say that the Alaska Central Railroad would be 476 miles long. It would open up a valley more than 400 miles wide. At the terminus you would reach the Tanana River at a point where it would be navigable to the Yukon River, and you would open up immense industries and resources all along that 476 miles of road. It seems to me that wherever there are great distances and where there is a necessity for trunk lines, instead of short lines, that that would be a stronger argument why you should

extend aid, because if we could develop these resources at the end of 100 miles, we would never be here asking aid, for the reason that we could build 100 miles alone, and we would already have accomplished almost that end.

If at the outset the Government guaranteed \$10,000,000 it would insure the completion of the whole line to the Tanana. If that were done, the remainder of the money could be provided. A sum equal to \$5,000,000 or \$6,000,000 would enable the Alaska Central to get to the Matanuska coal fields, with a good, substantial, first-class line, with rolling stock and everything.

When we secure entrance to the Matanuska coal fields, 184 miles away, then we have secured probably a solid basis on which we could secure the necessary credit for the remainder of the distance. If you will help us to get over the mountain of our present difficulty, in a financial sense, just as we already have accomplished the physical construction through the mountains, the balance will be comparatively easy.

The CHAIRMAN. In speaking of sympathy, please understand that this committee has already treated your railroad kindly. You have constructed about 50 miles of road and have gone through the most difficult part. As you go northward from where you have constructed the road, you get out upon a comparatively level country, and will you state what the character of the construction will be to the vicinity of the Matanuska coal fields?

Mr. MERILLAT. Up to about 100 miles we have quite difficult construction, because there will be lots of rough, rock-faced work to be done. They will have to blast out the sides of the hills. After the first 100 miles are constructed the cost will be very much reduced, because there is no such grade, and there are gravel beds up along the road, so that the difficult part of the construction would be the work that we have already accomplished or will have accomplished when we get by the 100-mile line.

The difficulty is that the Alaska Central Railroad has exhausted its resources. It has endeavored to float its bonds wherever it could. Mr. Frost and those associated with him have gone deep into their private purse and they have not the means to go ahead any further. Owing to the lack of information concerning Alaska, and the popular, but incorrect idea, that it is a country of nothing but glaciers and snow, bonds can not be floated and the road built without Government aid. But once one or two roads were built and it was shown a rich country had been developed and the roads were profitable it would be comparatively easy to float other enterprises. It is the pioneer railroads that are needed.

The CHAIRMAN. Have you in mind the road at White Pass, which was the cause of a large immigration into Alaska at one time?

Mr. MERILLAT. We think that every railroad that goes into Alaska or other countries and develops it does that. We have no opposition to any other road. We are at quite a distance from all the others. All development of Alaska would aid us. We are not competitive except that our ultimate aim will be to get to the Yukon, as we mean to get within a navigable distance of it.

The CHAIRMAN. Perhaps the White Pass people anticipated that they would build up the country and that a large number of people

would go in there and that they would obtain help for construction, and perhaps that was the cause of the failure.

Mr. MERILLAT. As the resources of Alaska become better known, the opposition of capital gets less and less. At the present time, strange as it may seem, the best field in which to raise money for Alaskan roads is Canada. The reason of that is that they are not afraid of the word "Alaska." The idea of Alaska is that it is the frozen north and it does not readily attract capital. They are used to that climate in Canada, and you have not the opposition with which to contend that is met elsewhere. They do not look at it as we do, as being the country of glaciers, snow, and ice, and that it is only a little more practical in some ways than is the question of reaching the north pole. A person having \$1,000,000 and wishing to invest \$500,000 of it would not look with as much favor upon investments in Alaska as he would on investments in railroads in the United States. Canada, however, is not rich and free to invest abroad.

If we can not get the aid of the United States Government, there will be nothing done this year, and probably nothing done next year. When anything will be done, is a matter of the future entirely and absolutely I am not one of those who do not believe that ultimately whatever is necessary to accomplish for a country's good will be accomplished in the end, because if it is absolutely necessary something will be devised to attain the end. While there are always men and inventions to bring about an end when the necessity becomes overwhelming that a certain end be secured, yet the means and agencies whereby ends are accomplished are not always certain and the same, and, we believe, will have arrived at a stage where the development of Alaska has become so pressing that the Government itself ought to be the means to the end desired.

With respect to the pending bill, we are in favor of the Lovering measure. Respecting the measure, we think that the United States should give aid to a road first, if its construction is found feasible and practicable and within a reasonable cost. Next, if the road will materially assist in the development of the resources of Alaska; and, third, if the road would materially assist in the operation of the government in Alaska. We think those conditions should be met by any proposed road if the Government is to give its credit to its construction.

With respect to any other bill of this kind, the Alaska Central Railroad is in favor of it. If it is not possible to pass a general bill, then the Alaska Central Railroad will endeavor to get one for its benefit. We do not aim to block any other road nor any other scheme that may be proposed. We will give our hearty support to any general bill. If you find that a general bill is impracticable, we would ask you to bring in a measure in aid of the Alaska Central, and we think that if you once aid the Alaska Central Railroad to the extent, say, of giving credit to the amount of \$6,000,000 or \$10,000,000 in bonds, as you think proper, it will insure a steady development of the country as far as the Matanuska coal fields, and while we do not want to be pledged to it, we do believe that we can get the balance to finish the whole road if we get this first aid. If we get \$10,000,000, we will build the entire route at an early day and the balance of the money will be secured, the Government, of course, having the first lien for

everything that it puts into it, of course, giving equal rights, however, to bonds already outstanding.

Mr. HIGGINS. I want to ask you whether you think any bill ought to provide for the issuance of bonds to the extent of the amount of actual cash and equipment of the road. Under the provision in the bill you would bond the road for all it will cost and your stock would represent good will or something else. That is on page 2, line 10, of your bill.

Mr. MERILLAT. That is not the page of our bill. That is the page of the pending bill.

Mr. HIGGINS. It is page 2 of bill No. 14387, introduced by Mr. Lovering.

Mr. MERILLAT. If you will pardon me, I am going to explain that.

Mr. HIGGINS. Do you not advocate the Lovering bill?

Mr. MERILLAT. We are advocating it as it is before the committee, but don't want it understood we drafted it.

Mr. HIGGINS. Really the thing that I wanted to find out was as to whether or not any bill ought to provide that a railroad should issue bonds up to the amount of the cash spent in this construction and equipment?

Mr. MERILLAT. We do not ask the Government to guarantee the equivalent of the amount we have put into it, \$4,150,000.

Mr. HIGGINS. Can not you answer my question?

Mr. MERILLAT. I can not answer it any more than to say that the Alaska Central is not concerned with that provision.

Mr. HIGGINS. It is in the bill, and the Alaska Central would, if the bill becomes a law, take advantage of it?

Mr. MERILLAT. Yes, sir.

Mr. HIGGINS. If the railroad should issue bonds up to the amount of the cash spent in construction and equipment, then the stock would represent what?

Mr. MERILLAT. The stock would apparently represent good will, but for that reason I would like to make a little explanation. So far as we are concerned, you can insert at the end a proviso that no issue of bonds shall in any way inure to the benefit of the \$4,150,000 invested in the Alaska Central road, so as to make the Government guarantee what has been spent, but it should be protected and given equal rights with the Government aid.

Mr. HIGGINS. Do you not know that in most of the States there is a limitation that a railroad can not issue bonds to an amount of more than 50 per cent or 75 per cent of the actual money spent?

Mr. MERILLAT. That is correct.

Mr. HIGGINS. And that a commission views the property and determines whether the money has been spent in equipment.

Mr. MERILLAT. That is entirely correct.

Mr. HIGGINS. Under this law there is nothing to prevent a railroad company from building a line of roads entirely upon the Government's guarantee, with the stock as a bonus, or something else. You could not give a bonus to the Government.

Mr. MERILLAT. I think you are correct, but here is the situation. This bill was drafted by Secretary Taft.

Mr. LOVERING. Not absolutely, but it has his approval.

Mr. MERILLAT. This bill has his approval. This bill gives more, so far as we are concerned, than we ask. We are willing to take

your proposition that the Government shall aid only to the extent, we will say, of 60 per cent of the actual cost. We are willing to accept that. I wanted to say that, in answer to your question, which was in apparent antagonism to the bill we are pressing—

Mr. HIGGINS. I did not intend to reflect upon the Alaska Central Railroad in any way except to give you the wording of the bill.

Mr. MERILLAT. Perhaps I was unduly apprehensive. I was not referring to what you said concerning the Alaska Central Railroad, but what I feared might be said by some other people by way of antagonism to the Alaska Central Railroad, that we were in antagonism to others, and I did not want to be put in that attitude and have others say we in popular parlance were "knocking" them. We have spent already \$4,150,000; and we are entirely willing to accept a proposition that the Government limit its aid to the extent of 60 per cent, we would say, of the money that should be actually put in all told.

I shall now simply refer briefly to a constitutional matter and shall not in any wise go into the details of that argument. As I understand it, the United States has the right constitutionally to aid in such enterprises as this. The United States have the right, if it is the wisdom and conscience of Congress to admit that such a provision is for the general welfare, and the courts have sustained such legislation, saying that such matter is for the determination of Congress.

Mr. HIGGINS. Can you refer us to authority?

Mr. MERILLAT. I can give you the authorities. That was what was done generally with reference to the land grant and bond-aided roads which were built across the continent to the Pacific coast. The idea is that it is for Congress to say in its sphere whether or not it deems such a proposition to be for the general welfare. It was the view of the late Senator Vest that when such legislation got into court, it would be decided constitutional, but he did not think it was constitutional for Congress to exercise that right and pass such a law. Such a matter is always a question for judicial determination, however, and if the legislation be passed, even Senator Vest, who is opposed to the national view of the Constitution, said the courts would uphold it. I shall not go into that any further, and I thank the committee for the attention it has given to me in this matter.

STATEMENT OF MR. A. J. STEWART.

Mr. LLOYD. You are a brother of Mr. W. F. Day Stewart, who spoke yesterday.

Mr. STEWART. Yes, sir; we are brothers, and I am treasurer of the Valdez-Yukon Railroad, and want to speak in the interest of this bill. This bill is entirely satisfactory to us. It will aid at least three railroads to build through to the Yukon; and on our estimate of our route, from Valdez to Copper Center, about 100 miles—where the Government agricultural station is located and where they have their telegraph lines in connection with it—it will cost \$4,000,000 to construct our road. That is the estimate of the engineers whom we have sent up there. That is all along the line of the present Government telegraph stations to Copper Center. The estimate of the engineer is that it will cost from the mouth of Copper River to Copper Center, over the Copper River route, \$10,000,000. That includes bridging

the Copper River twice. There will be no necessity for two roads from Copper Center to the Yukon, and it would be ridiculous for roads to parallel each other.

The CHAIRMAN. Can you state to the committee what route or routes would best open up the internal resources of Alaska, giving the terminals?

Mr. STEWART. We are not here to oppose others. We believe that anybody who has spent his own money should be encouraged. The people who have invested up there have shown their courage. There is not a member on this committee who has not some constituents who have money invested in Alaska in some way or other, either coal, gold, dredging, fisheries, or something else. In answering that question, Mr. Chairman, I do not wish to reflect on anybody.

The CHAIRMAN. We only ask for information.

Mr. STEWART. The facts which I have stated are my announced convictions, based on the report of your experienced General Greely. If anybody should know, General Greely should know. If General Greely should not know, then I would base it on the opinion of a committee of Senators composed of Messrs. Nelson, Patterson, Burnham, and Dillingham, who were a committee appointed by the United States Senate and sent up there to go over the entire country. They went by the Dawson route, around by the Yukon, and went around the entire archipelago as far as Valdez, having with them a corps of assistants, stenographers, etc.

Mr. LLOYD. Did they go into the interior?

Mr. STEWART. No, sir.

Mr. LLOYD. Then they do not know anything about it.

Mr. STEWART. Then we will say that General Greely and Major Abercrombie should know. They have recommended the route from Valdez to Eagle City, because it is a natural water route.

Mr. ANDREWS. Is that telegraph line under Government control?

Mr. STEWART. Yes, sir; they start at the bay of Valdez. The United States cable is laid from Seattle to Valdez, connecting; and the telegraph line runs from Valdez to Eagle, Fairbanks, and Nome.

The CHAIRMAN. May I call your attention to a statement which I think has been made before this committee, namely, that the best route in that vicinity would be to go through to Eagle and up somewhere along the Tanana.

Mr. STEWART. We have not had our engineer examine that, but I believe that your statement is perfectly correct.

The CHAIRMAN. That country would be opened up by the construction of a northern road, or a road from Valdez to Eagle.

Mr. STEWART. After you leave the Tanana, there are from 20, 40, and 80 miles of creeks forming a watershed through to Dawson and to Fairbanks. It would develop that great gold country from Tanana on to Eagle. If you extend that interrogation and say from Valdez to Tanana—

The CHAIRMAN. You can proceed on that.

Mr. STEWART. When you go 10 miles you run into the copper section.

The CHAIRMAN. Within 10 miles?

Mr. STEWART. Yes, sir; within 10 miles the branches of our road will put us into immense deposits of copper.

The CHAIRMAN. Would not that be a good project to enter upon?

Mr. STEWART. I will answer that by referring you to the very extended remarks of the gentleman who has just closed, Mr. Merillat. I would say that we are about "all in."

The CHAIRMAN. You have not gone very far as yet.

Mr. STEWART. Oh, no. When you get across the mountains you get the tonnage. That is, when you get to Copper River; and 20 to 40 miles beyond you get into the immense copper belt. To the left, 60 to 100 miles, you get into the Matanuska coal fields.

Mr. LLOYD. The Alaska Central Railroad is 400 miles from any other road.

Mr. STEWART. I think our branches are bound to meet at the Matanuska coal fields. The Alaska Central is going east and we will go west.

Mr. LLOYD. How far is it?

Mr. STEWART. From one point it is 80 miles and from Copper Center it is 60 miles to a stream called Strelina, where there is a watershed. Probably it would be safe to say 80 to 100 miles if you want to reach Matanuska.

Mr. LLOYD. They would go east to the Matanuska coal fields and you would go west?

Mr. STEWART. That is it, exactly. The chairman asked what I considered the most important route, and why. We have a bay there that will accommodate the navies of the world, according to General Greeley's report.

Mr. LLOYD. That is Valdez Bay.

Mr. STEWART. Yes, sir; it is 20 to 30 miles long and about 2 to 5 miles wide. They could maneuver the navies of the world there. They go through a neck between mountains, 4,000 to 5,000 feet high. When they get in there, they are safe from storms and from the enemy, and they are under absolute shelter. Steamers could go in there and get coal and bring it out, and I do not see any reason why my argument is not good as to the availability of the route. This bill also covers the recommendations of the President.

The CHAIRMAN. What do you mean by the recommendations of the President?

Mr. STEWART. He has recommended that you shall extend aid to a trunk line of railroads from Prince William Sound to the Yukon in some way that is wise and just.

The CHAIRMAN. He does not say how.

Mr. STEWART. This bill looks wise. These railroads will bring products which it is believed by the most experienced mining men will confirm the statement of the Hon. John M. Reynolds, a member of this committee, that the production of gold, with transportation facilities afforded, will amount to from \$50,000,000 to \$100,000,000 per year. The total obligation on the part of the Government for this bill is only \$1,200,000 per annum. The production of \$30,000,000 worth of gold would make up the Government liability, which never would be more than \$1,200,000 per year.

Mr. HOUSTON. On what basis do you fix the liability?

Mr. STEWART. The bill says that the total liability of the Government in one year can not exceed \$1,200,000, or 4 per cent on \$30,000,000. It will never go beyond that average. If default be made in six months, the matter will stop right there, and it will never

cost the Government more than \$1,200,000 on that liability. Suppose that another \$30,000,000 were absorbed by the various railroads, there would never be any liability beyond the interest. The guaranty is not for the principal; it is simply for the interest. All that is guaranteed is the interest, which is \$1,200,000, and it is not \$30,000,000.

There is a movement on foot to consolidate all shipping companies in Alaska, and that would create a burden in reference to this question, and that is one reason why we ask Government aid. We find that we can not make shipments from Seattle to Valdez, to our own wharf, owing to the fact that there has been a combination of the steamship lines. After accepting a consignment for delivery at our wharf at Valdez they refused to deliver it, and therefore I think it would be absolutely necessary for the development of Alaska to have some kind of Government aid.

The CHAIRMAN. We are trying to get full information upon this subject, and I have a matter on my mind, which I want to present now in connection with this matter of Government aid to railroads. You appeared before this committee in 1906?

Mr. STEWART. Yes, sir; I did.

The CHAIRMAN. At that time we had under consideration a bill in aid of the Alaska Central Railroad, and there was another bill before the committee in relation to the incorporation of a company. That was known as the Burleigh bill.

Mr. STEWART. I remember that.

The CHAIRMAN. That bill was considered for a week by a subcommittee and a bill finally was introduced as the committee's bill, known as the Burleigh bill. That bill proposed to enable a corporation to be organized under a law to construct a railroad from Comptroller Bay to Eagle, on the Yukon.

Mr. STEWART. Yes, sir.

The CHAIRMAN. That bill, you remember, passed the House and I think that some members of the committee were opposed to the bill. I know that one member was opposed to that bill. Certain interests at that time appeared here, as I understand, in opposition to the bill, and I am told that those same persons were acting in the Senate, and the bill never became a law, although the incorporation was organized, and it announced through its representatives as being able and willing to construct a road from Comptroller Bay to Eagle, on the Yukon. Can you make any comment on that statement of affairs in relation to the claim that roads can not be constructed in Alaska without Government aid.

Mr. STEWART. That bill was given a certain number of years in which it might select a route.

The CHAIRMAN. I think the route was limited.

Mr. STEWART. I think the bill as it passed had the choice of route. No one else could make a move until they decided on that route. That was the reason why we were opposed to that bill.

The CHAIRMAN. Did it not have reference to a general law for Alaska?

Mr. STEWART. No; it would exclude every other person from making any surveys until that route had been selected.

The CHAIRMAN. Alaska is a large country.

Mr. STEWART. That bill prohibited anybody else from entering the field until they had made their survey, because they had a choice of route.

The reason why no one can finance railroads is because the capitalists will not let them. The moment you come into competition with them the capitalists will not let anything go forward.

The CHAIRMAN. You mean that there is an aggregation of capital to prevent building of roads?

Mr. STEWART. There is an aggregation of capitalists that have acquired the White Pass and Yukon Railroad. They acquired the steamship lines going to Alaska.

The CHAIRMAN. Exactly.

Mr. STEWART. They acquired the fisheries.

The CHAIRMAN. Exactly.

Mr. STEWART. They control some of the great copper deposits; and the fear of them has kept money from being invested in Alaska, although they had the reserve money of interested parties in their banks in New York.

The CHAIRMAN. Are those the same interests opposed to what is known as the Burleigh proposition?

Mr. STEWART. They were opposed to what was known as the Bruner project.

Mr. MERILLAT. You do not refer to the Alaska Central Railroad?

Mr. STEWART. Not at all.

The CHAIRMAN. No railroads, in your judgment, could be constructed in Alaska if certain large aggregations of capital can prevent it, and therefore you say that you are obliged to come to the Federal Government for aid?

Mr. STEWART. That is pretty nearly it.

The CHAIRMAN. Please develop that argument somewhat.

Mr. STEWART. I have just recited that we made a consignment in Alaska to a steamship line and that that steamship line accepted our consignment at Seattle for delivery on our wharf at Valdez, and though that consignment was accepted by the steamship line, when they got to Valdez they would not deliver to us, although they were paid for it and the consignment was accepted to be delivered to our dock. I have letters saying that the hauling charges from their wharf to our wharf would be returned—that they did not wish to discriminate. That shows just how hard it is. They hauled it down to their own wharf and discharged it there.

Mr. REYNOLDS. What is the reason that they did not deliver it at your wharf?

Mr. STEWART. They did not wish any freight to go over our wharf. They did not want our railroad line to receive it nor to encourage us, for any railroad that is finally built will be built from Valdez, and we now have the rights.

Mr. HIGGINS. Are all the steamship lines plying between the United States and Alaska owned by the same corporation?

Mr. STEWART. The three important lines are.

Mr. LLOYD. What corporation is that?

Mr. STEWART. It is the Northwestern Steamship Company.

Mr. LLOYD. Who are they?

Mr. STEWART. It is controlled by the Guggenheims.

Mr. HIGGINS. What is the name of that corporation?

Mr. STEWART. It is the Northwestern Steamship Company.

Mr. HIGGINS. Is it the Alaska Steamship Company?

Mr. STEWART. That is another line in the same pool.

Mr. HIGGINS. Is it owned by the same parties?

Mr. STEWART. Yes.

Mr. HIGGINS. Does this same interest also own the railroad?

Mr. STEWART. Yes, sir; the Copper River and Northwestern Railroad.

Mr. HIGGINS. Do they own any others?

Mr. STEWART. No.

Mr. HIGGINS. How long is the road?

Mr. STEWART. It extends up to Katalla. They went there and tried to build a harbor and spent a good deal of money. They received a Government appropriation of something like \$25,000 to make a survey for a harbor and found that it would cost too much to make the harbor. They found that the estimate for establishing a harbor there was something like \$9,000,000 to \$10,000,000, so they abandoned it and went to Katalla. They then went to a place called Orca or Cordova Bay, west of the Copper River, where there is a small inlet or harbor. They proposed to go to the Bering River coal fields from there.

Mr. HIGGINS. Is that owned by the same people who own the steamship lines?

Mr. STEWART. Exactly the same people.

Mr. HIGGINS. Does the railroad have any competition?

Mr. STEWART. It has not.

Mr. HIGGINS. Are there other parties trying to build along that line?

Mr. STEWART. Mr. Bruner and some others are trying to build into the Bering coal fields. They have not been able to do so as yet. The Guggenheim road crossed their road.

Mr. HIGGINS. How much trackage has the Guggenheim road?

Mr. STEWART. It has about 20 miles of one road already built.

Mr. HIGGINS. And is it operating?

Mr. STEWART. No, sir; nothing but construction is proposed. They have spent \$3,000,000 or \$4,000,000 right there.

Mr. HIGGINS. Where do they get business?

Mr. STEWART. From the coal fields and by going to the interior. The steamship lines have a great business there in the fisheries.

Mr. HIGGINS. Do they also own the fisheries?

Mr. STEWART. Yes; the same people do, the Northwestern Steamship Company crowd.

Mr. HIGGINS. What is the Pacific Coast Steamship Company?

Mr. STEWART. That is a company that runs from Seattle to San Francisco.

Mr. REYNOLDS. They run separate lines?

Mr. STEWART. Yes, sir; that is under another ownership.

Mr. REYNOLDS. They are the same people that controlled the White Pass road?

Mr. STEWART. We are told that the Copper River and Northwestern interests made an alliance with Close Brothers, of London, who are in the White Pass Railroad, because the Close Brothers knew that these men were strong enough to build a road in American Alaska and that they would take their freight away from them to

Dawson. The arrangement by reason of this alliance is so far-reaching that it is almost impossible to get money, not only in New York but abroad.

Mr. LLOYD. Suppose authority were given to guarantee the bonds and those people were still in opposition, could you run against them?

Mr. STEWART. Yes, sir.

Mr. LLOYD. Why?

Mr. STEWART. Because this guaranty would mean a tangible return, being 4 per cent on \$30,000,000. A man will know that he is going to get his principal back. He will be sure, even if there is no production on the road, that he can sell his bonds.

Mr. LLOYD. On what theory do you hope to be successful against this steamship company if you can not get delivery of your freight?

Mr. STEWART. If we had the road financed, a certain gentleman who is responsible has told us that he would put a steamship line no as quickly as possible.

Mr. LLOYD. Then your proposition would mean a steamship line, too?

Mr. STEWART. Yes; if the bill be passed and we were compelled to do so. I understand that the rates have been raised from 30 per cent to 40 per cent.

The CHAIRMAN. State why the rates have been raised.

Mr. STEWART. You have got to go to their mills to get your flour ground. You can go down to San Francisco and do it cheaper, as far as rates are concerned, but it is out of the way.

Mr. HIGGINS. Have you ever considered whether or not this is a matter on which the Interstate Commerce Commission could give you relief?

Mr. STEWART. We took that question to them and asked them whether or not the steamship lines running from railroads to railroads in the United States could do that, and they wrote us a very courteous, nice letter and stated that they did not think they could do anything unless we showed them something specific.

Mr. HIGGINS. That is interstate commerce.

Mr. STEWART. It is, but it is a question whether it covers transportation by water as well as by rail.

The CHAIRMAN. I think that transportation by water is included in the interstate-commerce act.

Mr. LLOYD. Who are the people that are in league with the Guggenheims?

Mr. STEWART. The Close Brothers, of London.

Mr. LLOYD. That is a broker firm.

Mr. STEWART. It is a banking house.

Mr. LLOYD. Are they associated with or are they representatives of the Rothschilds?

Mr. STEWART. I never heard that they were.

Mr. ANDREWS. Did you say that the Government had to guarantee \$10,000,000 worth of bonds to enable your road to go through to Eagle City?

Mr. STEWART. I believe it would, but practically it would not be necessary to guarantee more than \$5,000,000 to put our road through.

Mr. ANDREWS. To put the Alaska Central through to Fairbanks?

Mr. MERILLAT. Yes, sir.

Mr. ANDREWS. There are two roads to go through, and you would divide the guarantee and make it \$5,000,000 each?

Mr. STEWART. Each road would have a vast business. The Government would not risk anything. It would risk nothing except the \$1,200,000 per year guarantee. That would be 4 per cent on \$30,000,000. I take it that the Government would not permit any road to default for over one year, and therefore the total liability of the Government is only \$1,200,000.

Mr. LLOYD. But that would be no benefit to the bondholder.

Mr. STEWART. That is true.

Mr. LLOYD. I think you are entirely mistaken in your statement. Your statement is that the guarantee of the Government would not exceed more than \$1,200,000 per year. You mean that the Government's guarantee in any one year would not be more than \$1,200,000; but it would be more than that in thirty years.

Mr. STEWART. What I mean to say is that there is a clause in there that the Government has the right of action on default.

Mr. HOUSTON. The right of foreclosure attaches when there is default.

Mr. STEWART. Yes, sir.

Mr. LLOYD. At the end of one year's default, the Government can take the road into its possession and sell it out and become the owner of it.

Mr. STEWART. It could.

Mr. LLOYD. But the Government would still be liable for the interest on the bonds for thirty years.

Mr. STEWART. I think not. It would just be liable for default on the amount of the bonds out.

Mr. LLOYD. On all the bonds?

Mr. STEWART. Suppose the bonds were all out the first year and you default on the interest, the total liability of the Government is only \$1,200,000.

Mr. LLOYD. That would be for one year.

Mr. STEWART. They could foreclose and take the property into its possession.

Mr. LLOYD. Then this guaranty would be valuable to the stockholders, but it would not be to the Government.

Mr. STEWART. I appreciate that.

Mr. LLOYD. The bonds of the stockholder would run to the whole thirty years.

Mr. STEWART. Only for the interest and not for the principal.

Mr. LLOYD. It would be the full amount. The interest in thirty years would amount to more than the principal, so that the bondholder is the man that would be benefited. His investment is safe because he is sure of getting it for thirty years. At 4 per cent that would be 120. From the Government standpoint it would be this, that at the end of one year a bond might be forfeited and the road sold and the Government could become the owner, but it might make no profit out of it at all.

Mr. STEWART. I think it would, inasmuch as the Government would only be out the actual cash put in. The Government would have physical possession of the property.

Mr. HOUSTON. Suppose the Government bought the road and it should not be profitable.

Mr. LLOYD. The Government would not only be liable for the bonds but for the net losses each year in management.

Mr. STEWART. I think foreclosure settles it.

Mr. HOUSTON. Suppose the Government foreclosed and took charge of the property, and it was not profitable.

Mr. STEWART. The Government only has the interest invested. It has not the principal and the interest invested.

Mr. HOUSTON. It would have to pay interest on the property, which might be valueless. The Government is obligated for thirty years on the interest only.

Mr. STEWART. That is true.

STATEMENT OF MR. JEROME T. GEDNEY.

Mr. Chairman and gentlemen of the committee, I want to take up the discussion by the last speaker, especially the question of the aid or the efficacy of the aid, and I might say that in my judgment, unless the Government does something that will attract outside capital, the bill proposed is valueless, so that we must proceed on the assumption that the Government is going to be obligated to pay something, and certainly under the terms of the bill it is obligated to invest 4 per cent on the full amount of the bonds. The question was suggested by Mr. Higgins as to the issuance of bonds on capital already invested. It seems to me that unless that be done you will take away the vitals of the bill and make it of little benefit.

Mr. HIGGINS. That was not the question exactly. I will state it. I said that under this bill, you can issue bonds for the full amount of the cost of construction and equipment, and that would leave the stock as representing nothing but something intangible, other than cash or property.

Mr. GEDNEY. I do not think that that is so.

Mr. HIGGINS. I will call your attention to the second page of the bill.

Mr. GEDNEY. I do not think that that is so, because I assume that \$1,000,000 will be paid in.

Mr. HIGGINS. If you will read page 2, lines 10 to 14, it can not mean anything else but that the Government must furnish all the cash that is put into the road.

Mr. GEDNEY. It certainly does say that. Let us assume that \$500,000 is paid in. They can not get any aid until they do that.

Mr. HIGGINS. That means that they may build 10 miles of road.

Mr. GEDNEY. It means that they may build 10 miles of road. If that amount is paid in by the stockholders and invested in the road, they can get only aid on that amount. They can not get any other aid on that amount in future until they will build another 10 miles, and when they have built 20 miles they have capital in the road to the amount of \$1,000,000 and \$500,000 worth of bonds outstanding.

Mr. HIGGINS. I do not think there is any question as to what the language on page 2 means. It will cost approximately \$50,000 per mile to build railroads in Alaska. That means that after having built 10 miles of road you have expended \$500,000. You can then issue \$500,000 worth of bonds and get the Government guarantee for this \$500,000 bonds, and you can issue against those bonds \$20,000,000 worth of stock. Now, that represents what?

Mr. GEDNEY. You mean if they act unlawfully.

Mr. HIGGINS. They can do that if they act under this bill.

Mr. GEDNEY. I can not see how that is, because if the stock has not been sold for less than par it is not illegal.

Mr. HIGGINS. But there is a great deal of illegality in connection with the building of roads in this country.

Mr. GEDNEY. You have assumed that the transaction is legal.

Mr. HIGGINS. Would you object if we insert in this bill a provision that the stock of the company must be fully paid in cash and that that part must be certified by some departmental officer, who has the supervision of the operation of the law?

Mr. GEDNEY. Do you mean originally paid in cash?

Mr. HIGGINS. You assumed that it would be paid.

Mr. GEDNEY. It is not legal unless it is paid in property—cash or its equivalent.

Mr. HIGGINS. Represented by its stock. You would not object to have some departmental officer have supervision of the issuance of the guaranteed bonds?

Mr. GEDNEY. They would have to pay at least \$500,000, in cash or its equivalent, I should say.

Mr. HIGGINS. Cash or its equivalent.

Mr. GEDNEY. If you will follow me just a moment, I think I can explain it. If \$500,000 is paid in by the company and invested in the road, and for that is issued \$500,000 worth of bonds against the road and guaranteed by the Government, then they would have the proceeds of the bonds with which they could build additional road.

Mr. HIGGINS. But by this you permit railroads to go into Alaska and issue bonds and let the stock represent anything except cash or its equivalent.

Mr. GEDNEY. That is true. But it seems to me that that is perhaps aside from the question. It is not important in this respect, that if you cut down the bonds, and that if the future development, as was suggested by the gentleman on the chairman's left, is accomplished, it seems to me that it will defeat the absolute purpose of the bill. I do not see how you are going to get capital to the amount of \$10,000,000, even if Government aid be promised, any more than you can get it now. In that case there would only be a promise that bonds would be issued after going through all the red tape which the Government no doubt would see to it would be required before the bonds are issued.

Mr. HIGGINS. The railroad receives a guaranty on the bonds, but the stock does not represent cash.

Mr. GEDNEY. The Government does not give any guaranty on the stock. It is only the bonds that are guaranteed.

What I want to say is that there is a small road on Seward Peninsula, running from Solomon River, from a place called Solomon, up toward Council City, a distance of about 38 miles. That road was projected by a number of New York gentlemen, who had gotten rather enthusiastic in reference to Alaska, and they spent of their own money—of which ten men contributed 90 per cent—an amount equal to about \$1,250,000. In addition to the 38 miles for which they have contracted, they have already laid a number of rails and fish plates to amount to about 5 miles of road more, and they have laid ties to about 20 miles more. They have now come to the point where

they have no further resources. They put in all they had and they tried to get additional capital. They now find that they can not get outside capital unless they have a guaranty of return of some sort on the capital. The aid which the Government can give will be useless unless it is attractive enough to get outside capital.

The road which they are building will be of great benefit to the country. They have carried into the country material for mining and one or two stamp mills and also materials for dredging work. That road is now in the hands of a receiver, simply because they can not get any more money to go ahead.

Mr. HIGGINS. Has your road been discriminated against?

Mr. GEDNEY. The road has had a good deal of trouble with steamship lines in getting material in properly.

Mr. LLOYD. Is that because the steamship line is owned by the railroad line?

Mr. GEDNEY. It is not exactly for that reason. They are simply the top and bottom and side of the whole thing, and you can not go elsewhere. They took some parts of the engines and lost them in the surf. They simply threw them overboard. When you make a claim for damages it only means you will get worse service the next time.

I hope the committee will report the bill favorably, so that it will make the completion of these roads practicable. All these roads are in the position that they have advanced more money than they can get themselves and from the friends of Alaska to finish these various projects. To get capital outside is difficult.

Of course the road is not worth, as it stands to-day, a fraction of what it would be if it were completed to destination.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Monday, April 6, 1908.

The committee met at 10.30 a. m., Hon. Edward L. Hamilton, chairman, presiding.

Mr. LOVERING. We will first hear Mr. Barring.

STATEMENT OF MR. HERMAN BARRING, OF WILKES-BARRE, PA.

Mr. BARRING. Mr. Chairman and gentlemen of the committee, I represent the Valdez Yukon Railroad. At the session on Saturday last the question before the committee was brought up as to what would result in case our company should default on its interest charges. I do not think that such a thing would happen, and I say this because I know something about the tonnage and the personal traffic; but suppose it should happen. I say that in that case the Government would not lose anything at all. The Government would take the road and pay the interest on the bonds, but the Government is paying now for carrying the mails over the Valdez route \$100,000 per year. That is for taking the mail up the Yukon. That is only the first-class mail. You could not send a Congressional Record nor anything else; it must be first-class mail.

I have also tried to get from the War Department an itemized statement in reference to its expenses for transportation over the

route, but I think the appropriation bill will show that the supplies for all of the military posts and supplies for telegraph stations which are operated under the War Department pay pretty nearly \$1,000,000 a year. You must figure it also that the Government now has only a wagon trail and that it takes a couple of months to get to the Yukon.

The CHAIRMAN. What is the distance?

Mr. BARRING. It is 411 miles to the Yukon River. We propose to parallel that trail. We propose to take the mail over steel rails.

Mr. LLOYD. You say that it takes two months to make the trip? I thought it only took two weeks.

Mr. BARRING. I can say that there are places over which they can go no faster than 10 miles a day, because the trail is in an awful condition. It will cost a half a million dollars to repair it.

Mr. LLOYD. Does not the mail go through in two weeks?

Mr. BARRING. Only in the winter time. In the summer time it is hardly passable. To a large extent the trail is laid in swamps. When a thaw came it got into bad condition. As it is now, they have to climb up the sides of the mountain to get along. I think that everybody is satisfied that this is the real condition. It would cost a good deal to put that wagon road in condition. Repairs will have to be kept up, which will cost a pile of money. They have to move men and provisions in there, which will cost a great deal. I say that if the Government owned the railroad they would save about five-sixths of all this money.

Mr. LLOYD. What is the cost of carrying first-class mail from Valdez?

Mr. BARRING. It costs \$100,868.

The CHAIRMAN. From Valdez to Fairbanks?

Mr. BARRING. From Valdez to the Tanana and to the Yukon, and Fairbanks is included in that, of course.

Mr. LLOYD. Is that during the whole year, or during the winter?

Mr. BARRING. It is during the whole year.

Mr. CAPRON. That is the contract price?

Mr. BARRING. Yes, sir; that is the contract price. They carry passengers, too. That is how they manage to get on. You can only send a letter. You can not send a document or anything of that kind unless it is in a sealed envelope.

The CHAIRMAN. How much does it cost to maintain the telegraph lines for a year?

Mr. BARRING. I have not the items this morning, having failed to get them from the War Department. I have got the telegraph maintenance figures. They are \$87,000 for one year. There is lots of other information as to expenditures I could not get because it would take too much book searching to get at the figures, but I put it at \$1,000,000, approximately.

Mr. LLOYD. One million dollars for what?

Mr. BARRING. The expense for transporting military stores and provisions for the telegraph stations.

The CHAIRMAN. How many soldiers are there at the military posts?

Mr. BARRING. I do not know. I endeavored to get that information this morning, but I could not get it. I contend that the Government can not lose very much. Of course a railroad would be to the benefit of the people not only of Alaska, but to the people of

the United States. The benefit to trade would be incalculable even if it came to the worst and we could not meet our interest charge. A proof of this was demonstrated by the building of the Canadian road. An English firm undertook to finance that road and I know that the stock issued on a basis of \$50 went as high as \$500 a share. It stands at that price now. The least that they charge for freight is \$60 a ton. Even if our charges were only as much as they are now in the States, the road would certainly pay fixed charges.

But we personally do not care about building the road. We are only endeavoring to build it because nobody else will do it. There will be no railroads built in Alaska until after everything has been hived and until after the big financiers have rounded up all the mineral deposits, especially copper and coal.

If this Alaskan copper comes into the market, the price of copper will go down. That much is certain, because the quantities as well as the grades are high. They are higher than any copper deposit in any other part of the United States. Those people do not want to give the people the benefit of this condition. Alaska would make copper so cheap that you could cover every roof in the country with it.

The CHAIRMAN. Will you be kind enough to repeat that last statement?

Mr. BARRING. I said that we did not care to build that railroad ourselves if somebody else would build it. We have asked them to do it, but they will not build any railroad. It is all a bluff with them. There will be no railroad up the Copper River, not even a wagon road.

Mr. HIGGINS. To what do you refer when you say it is all a bluff?

Mr. BARRING. To building up the Copper River.

Mr. HIGGINS. Who is doing the bluffing?

Mr. BARRING. The people who advertise, the Guggenheims.

Mr. HIGGINS. Are they in competition with you?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. And they propose to build a road to parallel yours?

Mr. BARRING. That is what they say.

Mr. HIGGINS. They do not propose to build over your road?

Mr. BARRING. They started in on the canyon and they stopped.

Mr. HIGGINS. How much construction did they do in the canyon?

Mr. BARRING. About \$250,000 worth.

Mr. HIGGINS. And they have abandoned it?

Mr. BARRING. Yes, sir. They got into a fight there with the employees of another company.

Mr. HIGGINS. Is that where their men got into a personal encounter?

Mr. BARRING. Yes, sir; the case is still on trial.

Mr. HIGGINS. Several men got killed?

Mr. BARRING. They killed one man. They killed another man down where Doctor Bruner's road is located.

Mr. HIGGINS. There was trouble there too?

Mr. BARRING. Yes, sir.

Mr. LLOYD. Is it not true that the Guggenheims have spent five or six times as much money as you have?

Mr. BARRING. Yes, sir; but not in our part of the country.

Mr. LLOYD. The Bruner people have spent more money than you have?

Mr. BARRING. They may have; I can not say. We have spent all the money that we could get.

Mr. HIGGINS. Then you are not to blame because you could not spend any more.

Mr. BARRING. We could not get any more to spend.

Mr. HIGGINS. Has the other road, about which you spoke as having done construction, been abandoned?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. How long since?

Mr. BARRING. Their rights lapsed in 1907.

Mr. HIGGINS. And they have not been doing anything since?

Mr. BARRING. No, sir.

Mr. HIGGINS. To where will that road lead?

Mr. BARRING. It would lead exactly over our right of way.

Mr. HIGGINS. From where to where?

Mr. BARRING. From Valdez to the Yukon.

The CHAIRMAN. What part of the Yukon?

Mr. BARRING. To Eagle City.

Mr. LLOYD. What was it that lapsed?

Mr. BARRING. The right of the Guggenheims in the canyon lapsed.

Mr. HIGGINS. What is the name of that road?

Mr. BARRING. It is the Copper River and Northwestern.

Mr. LLOYD. The rights of the Bruner people have not lapsed.

Mr. BARRING. They are far away from us.

Mr. HIGGINS. How far are the Bruner people from this location?

Mr. BARRING. At least 100 miles.

Mr. LLOYD. Which way?

Mr. BARRING. South.

Mr. LLOYD. It goes up the Copper River Valley?

Mr. BARRING. Yes, sir; they are speaking about going up the Copper River.

The CHAIRMAN. You say that the rights of this other railroad company have lapsed in the canyon?

Mr. BARRING. Yes, sir.

The CHAIRMAN. How could the rights have lapsed in the canyon, because they have an equal right to use the canyon under the law.

Mr. BARRING. Their right of survey under the general act, has elapsed. They did not do the work which, under the law, they ought to have done. We are practically alone in the canyon. Of course we understand that when our road is finished, any other road can go through that canyon, over our railroads, and we believe that when the country is opened there will be more than one railroad there. It will be impossible to carry on the business with only one railroad.

The CHAIRMAN. Please state the incorporated name of the Bruner road, and what is its southern and northern terminus.

Mr. BARRING. I do not know what the name is. They are not in competition with us.

The CHAIRMAN. Is it not known as the Alaska Pacific Railway and Terminal road?

Mr. BARRING. Yes, sir; I believe it is.

The CHAIRMAN. What is the Guggenheim road?

Mr. BARRING. It is the Copper River and Northwestern road.

The CHAIRMAN. You say that they were proceeding with their work but now they have abandoned it?

Mr. BARRING. Yes, sir; they have abandoned it. They have taken everything out and moved it down to Copper River, and have

had a road surveyed there. We have positive information on that point.

Mr. HIGGINS (to the chairman). Do you mean the Copper River road or the Valdez road?

The CHAIRMAN. I was trying to get him to state it.

Mr. LOVERING. I think he did not understand the chairman's question.

Mr. BARRING. Yes; I do understand the chairman's question. He wants to know to what point they moved. They went from Valdez to the Copper River country.

The CHAIRMAN. Then they shifted their construction down to Whale Island.

Mr. BARRING. They shifted it to a place called Orka, or, as it is sometimes called, Cordova Bay. We are practically alone at Valdez. We are willing that anybody else shall build any railroad they care to build there, but they do not make even an attempt to do so.

At one time it was talked about by a certain gentleman who is close to Wall street, and in fact he is one of the Wall street people. He said to me, "Why do you not abandon that road? If you will abandon it to-day we will give you back all of the money that you put into it." I said, "How much stock will you give us?" I will give you his exact answer. He said, "Not a damn cent. We are not in the business to make millionaires." I said, "How much will you put in to enable us to build this road?" His reply was, "We will give you nothing."

Mr. HIGGINS. How long ago was that?

Mr. BARRING. Not very long ago.

Mr. HIGGINS. Was that in New York City?

Mr. BARRING. Yes, that was in New York City, and Mr. Stewart was there with me.

Mr. HIGGINS. Will you say a little more definitely what time it was?

Mr. A. J. STEWART. It was about a year ago last May.

Mr. HIGGINS. In 1907?

The CHAIRMAN. You mean last May.

Mr. CAPRON. A year from last May.

Mr. STEWART. Yes, sir.

Mr. HIGGINS (to Mr. Barring). You went to him for financial help?

Mr. BARRING. Yes, sir; and to other people.

Mr. HIGGINS. You wanted aid in order to get the road financed?

Mr. BARRING. Yes, sir; they saw Mr. A. J. Stewart and Mr. Bay Stewart. He said furthermore that they had \$10,000,000 subscribed, but I am quite sure that they have not done any building yet, and don't intend to build.

The CHAIRMAN. You state that the railroad construction by these other parties is merely a bluff and that they do not intend to do any construction. Why do you say that?

Mr. BARRING. Because they have not done anything. They came to Valdez and got a right of way, and then went down to the Copper River country, and then down to Katalla. We know no railroad can be built up Copper River because we have had our engineers there. Any competent railroad engineer in the country will stake his reputation on the impossibility to build a railroad up the Copper River, for the reason that there are glaciers there 2 and 3 miles wide on both banks of the river. These glaciers are moving. When they break

off in front they drop chunks of ice as big as the Capitol. Then the river rises sometimes from 60 to 70 feet. The mountains are so steep there that it is almost straight up and down and forms a canyon. All of a sudden the ice plunges down and dams up the river, and any engineer knows that it would be impossible to build a railroad over or passing a glacier of this kind.

Mr. HIGGINS. Why do they continually shift their locations?

Mr. BARRING. Because they are bluffing.

Mr. HIGGINS. But why do they do that?

Mr. BARRING. I do not know. They do not want to build any road just yet. They simply want to get control of the copper.

The CHAIRMAN. Is it your idea that certain interests or persons are preventing you from constructing a railroad, with the object of getting the road to the copper country themselves?

Mr. BARRING. It is not only my idea, I know it, because I have been offered a bribe myself to stop the sale of bonds. I can answer this fully, but I do not want you to ask me any names. If there is any investigations, I will bring the witnesses here. I have got the papers and can produce them. When we get through you will have enough information to fill a book.

The CHAIRMAN. What was their purpose in doing that?

Mr. BARRING. It was for the purpose of stopping the mining of copper. Their object was to stop it so that it would not break the price. This Alaska copper is of a much finer quality and of a much vaster quantity than anything else in the United States. It is of a much higher grade and it does not require very great expense to mine it. Besides that it is practically right on the surface. We have places where it can be opened up just as you would open a limestone quarry, and take out 30 per cent copper ore. The grade is fully four times as high as it is in any other part of the United States. These people who are opposing us are the king bees in copper. They do not want the price to go down.

Only yesterday I spoke to a gentleman in Philadelphia, a member of our construction syndicate, and he said they were going to finance our road, or rather he promised they would do it, and then he stated to me what I am now stating to you. But we are not very sure yet that this deal will go through.

The CHAIRMAN. How can they prevent you from constructing your road?

Mr. BARRING. They can stop us from getting money.

The CHAIRMAN. Do you wish to lead us to believe that they have gotten such control of the money market as to prevent you from getting loans?

Mr. BARRING. The big money men, the men who have the money under their control, you can count on you fingers. When they say, "Hands off," it means "hands off." That is what they have said. A certain Senator did not say too much when he made the assertion that the money of the country was controlled by fifty or sixty people.

Mr. HIGGINS. He had it too high.

Mr. BARRING. I make it fifty or sixty. They are all together. They are all under one umbrella. When you tackle one, you tackle all. We have made them an offer of 75 per cent of our copper, but even that did not seem enough.

The CHAIRMAN. Simply for the purpose of illustration, I will ask you this: Supposing this committee should make a favorable report upon the proposition to render some sort of Government aid in the construction of a railroad or railroads into the copper country, and supposing that the bill should be taken up for consideration in the House and Senate, have you any idea that any serious opposition to action upon the bill would develop, from a legislative standpoint?

Mr. BARRING. I think there would.

Mr. HIGGINS. I would like to have it go in the record that we proceeded to consider a railroad bill following the lines of the general law, and after a good deal of effort the bill passed the House at the first session of the Fifty-ninth Congress, but it slumbered in the Senate, and that a certain gentleman from Denver summarily came to Washington, and the bill never saw the light of day from the Senate. It was alleged, with what truth I do not know, that the interests which were powerful in Alaska, were instrumental in preventing that legislation.

The CHAIRMAN. I want to call the attention of the committee to the testimony of Doctor Bruner two years ago. We had under consideration aid to the railroads in Alaska when he said, in effect, that he represented a company which had a large amount of money. I think it was \$2,000,000.

(To Mr. Barring.) Were you present at that time?

Mr. BARRING. No, sir; I was not present at that time.

The CHAIRMAN. I have in mind what his statement was at that time, and he said that they were ready to proceed, but apparently they have not proceeded.

Mr. BARRING. No, sir.

The CHAIRMAN. Do I understand that their failure to proceed is connected in any way with financial obstructions or obstructions of any other kind?

Mr. BARRING. I should not be surprised. I am not, however, acquainted with Doctor Bruner's affairs. The question is what might be done with this bill on the floor of the House. I think by the time it comes up the bill will be one of the most popular measures that has ever been brought before the House, because we are willing to place this road under governmental supervision while building, constructing, and financing it, and we are doing exactly what the people have demanded for five years until under the agitation the entire country has been rocked from the Atlantic to the Pacific like in an earthquake. It is now for you to begin a new standard of railroad construction and financing. Of course, we want a fair return. But we do not want or expect to become Harrimans; first and foremost we want the country opened up and we do not want to abandon all our property for the benefit of rival interests. All we want is a square deal. We do not expect to control all Alaska and we do not want others to do it.

The CHAIRMAN. As to the question raised as to the probable effect upon the copper market, by the opening up of the copper country in Alaska, can you state to the committee with any accuracy the superficial area of that copper country?

Mr. BARRING. I think it is about 50 miles wide by about 70 miles long. Copper does not come like coal in square miles of table veins. It is scattered. One location may be 10 miles—another may be 20

miles off. It is not continuous like coal. We have places in Pennsylvania where there are coal veins one on top of the other and altogether 80 feet in thickness running for a distance of 25 miles, and perhaps from 5 to 10 miles wide.

The CHAIRMAN. Can you give the committee any idea as to the depth of the vein?

Mr. BARRING. We have had two engineers up there; we paid altogether for expert work \$30,000, so that we know what we are talking about. They say that the veins go deeper than it is possible to mine them.

The CHAIRMAN. What do you mean by that?

Mr. BARRING. Well, you can not go down farther than about 7,000 feet, because it gets too hot.

The CHAIRMAN. Can you continue any further without transportation?

Mr. BARRING. No, sir; we have to take up heavy machinery. We can not mine without it. We have mined a little. We are doing the preliminary work. We have worked there summer and winter.

Mr. HIGGINS. Has it been demonstrated that it is, beyond peradventure, feasible or practicable to build railroads along the mountains up to the point where these original deposits of copper are located?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. What practical demonstration of a road that is now being operated can you refer us to?

Mr. BARRING. I can refer you to the White Pass Railroad.

Mr. HIGGINS. How long is that?

Mr. BARRING. It is 111 miles, over a rough country.

Mr. HIGGINS. Is that interfered with by snow and glaciers?

Mr. BARRING. No, sir; they have some heavy snowfalls.

Mr. HIGGINS. Do they maintain a fair schedule?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. How many trains a day?

Mr. BARRING. Two trains a day each way. Sometimes in the winter they cut the schedule in two.

The CHAIRMAN. Is there any other place, so far as your information goes, where it would be desirable to build railroads or where they have been built and maintain on the mountains, except at White Pass?

Mr. BARRING. No, sir; unless you go into the far north, into the Arctic Circle. I am not acquainted with the topography of that country.

The CHAIRMAN. Is there any other railroad, aside from the White Pass road, where anything like that occurs?

Mr. BARRING. There is only one.

The CHAIRMAN. Who owns that?

Mr. BARRING. That is in Norway, where they have a railroad still higher north to transport iron ore. In the Nome country, too, there has been a railroad built a distance of about 40 miles, the so-called Wild Goose Railroad.

The CHAIRMAN. Is that being operated now, and who owns it?

Mr. BARRING. Mr. Charles Lane, an old forty-niner, and who is now 80 years of age, owned the majority of the stock.

The CHAIRMAN. Does he own it now?

Mr. BARRING. I do not know. He lives in San Francisco.

The CHAIRMAN. Who owns the White Pass and Yukon Railroad?

Mr. BARRING. It was built with Canadian and American capital. It is owned now by the Guggenheim interests.

The CHAIRMAN. Is it owned by the same interests that owns the Bonanza mine?

Mr. BARRING. Yes; by the same interests that owns the Bonanza mine, the steamships, and everything else.

The CHAIRMAN. So that you have no means of shipping except through that interest.

Mr. BARRING. That is all we have except by tramp steamers, if there are any.

The CHAIRMAN. From the Pacific coast?

Mr. BARRING. Yes, sir; from Seattle. You can charter a vessel and take it up there if you can find one out of commission. You would have to furnish a full load in order to charter such a vessel. If you want simply a small quantity shipped, you must ship it by the Guggenheim navigation companies.

The CHAIRMAN. Do they own the river lines?

Mr. BARRING. Yes, sir; they own the river lines, too. They have a regular iron cinch around everything in Alaska.

The CHAIRMAN. Do they own other mining interests as well as copper?

Mr. BARRING. They own gold. That is the property which Mr. Lawson is now advertising. They own washeries in the Yukon and in British Columbia.

The CHAIRMAN. Is that the property that was advertised by Mr. Lawson as going to \$10, which it did not do?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. What is the name of the road that you say is owned by Mr. Lane of San Francisco.

Mr. BARRING. I do not know. I only know it as the Wild Goose Railroad.

Mr. HIGGINS. Is it not true that that road has now passed out of the hands of Mr. Charles Lane and is financed and operated through a firm by the name of A. A. Houseman, of New York City?

Mr. BARRING. I think so, but I am not positive about it. However, I know from Mr. Charles Lane himself that the money which originally built this railroad and bought the materials and the locomotives was furnished by Mr. J. Pierpont Morgan, who, he said, had been his personal friend. I was in Mr. Lane's house when he told me this.

Mr. HIGGINS. Is not that road, what is known as the Arctic, the same road that you call the Wild Goose road? Is it not affiliated with the same corporation that owns the Bonanza Mine?

Mr. BARRING. I think these interests have acquired the road, but I am not sure of it.

Mr. LLOYD. What had J. Pierpont Morgan to do with it?

Mr. BARRING. I can tell you what was told me by Mr. Charles Lane, who said that he had no money, and that Mr. Morgan gave him the money to build this road, and from the very first as fast as they built 5 miles of road it paid for itself, and when finished paid the cost of construction in three months. The locomotives were taken from the Elevated in New York City, so I was told. Three

or four locomotives were sent out. Whether that is true or not, I can not say. I never was in Nome.

Mr. LOVERING. They were of a standard guage?

Mr. BARRING. No, sir; they were narrow guage. That is my information only. I have never been up there to see for myself.

Mr. HIGGINS. How much of Alaska have you covered in your travels?

Mr. BARRING. I have been around pretty well. I have been all along the southern coast and parts of the interior.

Mr. HIGGINS. How much time have you spent in the Territory?

Mr. BARRING. I was off the coast about three months.

Mr. HIGGINS. When were you there?

Mr. BARRING. It will be five years this summer.

Mr. HIGGINS. So that the information which you give the committee now concerning the conditions in the interior of Alaska, comes from your observation made five years ago, or what was told you five years ago?

Mr. BARRING. The topography of the country, of course, has not changed. Beyond this I can merely tell you what I have heard.

Mr. HIGGINS. You give it to us from what you know and from your observation five years ago?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. Anything else you say is what was told you?

Mr. BARRING. Yes, sir; what I have heard from our own employees and others.

Mr. HIGGINS. Then it does not come from your own observation?

Mr. BARRING. No, sir; except that I have direct information from persons in the East connected with affairs in Alaska.

Mr. HIGGINS. You knew when you were offered the bribe?

Mr. BARRING. I did not take the bribe or I would not be here today. It would have made me comfortable for life. I know that some people have been bribed quite successfully, but we caught on. We can prove all that.

Mr. LLOYD. I understood you to say a moment ago that this measure, when it came before the House, would be very popular, because it would be made known what is going on in Alaska. What did you mean by that?

Mr. BARRING. I meant to say that it would become popular because the building of this road will practically satisfy all of the clamor which has been going on all over the United States. For five years past we have heard nothing but condemnation of the overreaching tendencies of the railroads, and we are taking the first step in the direction of the new railroad era. We want you to take this bill and make it right if it does not entirely suit you as printed. Frame it the way you want it, so that there can be no objections. Give us Government supervision, as the people demand, and make it binding, and we will work out our salvation accordingly. Any kind of a railroad is better than none at all or an octopus.

The CHAIRMAN. What would be the northern terminus of the road?

Mr. BARRING. Eagle City is now on our proposed northern terminus.

The CHAIRMAN. It has been said that Eagle City may not be the northern terminus.

Mr. BARRING. Perhaps so; a good many details may have to be reconsidered. Eagle is now a thriving city, where they hold the courts, and is a sort of provincial capital in Alaska, so to speak. Of course we shall go to Eagle to reach the Dawson country unless there are good reasons to change our plans.

The CHAIRMAN. It has been stated that the ordinary fall of snow in the interior of Alaska is not more than about 2 feet on the level. What do you know about that?

Mr. BARRING. The snow in the interior is not over 2½ feet, as a rule. There are not many heavy falls of snow in the interior. The mountains are very high and serve as a barrier. The heavy snow clouds do not rise high enough to produce heavy snows beyond these altitudes. In the States, too, the Rocky Mountains keep the rain and snow away from the arid regions of the West.

But now I want to say there is another good reason why the Government should help to build these railroads. Sooner or later we will be up against international complications on the Pacific coast. If we ever get into any trouble with a foreign power, the harbor of Valdez, protected by narrows like a twin Gibraltar, is the only place on the northern Pacific coast that could be used as a basis for naval operations and supplies. I was there and saw with my own eyes. There is nothing like it in the entire world. We have the report of General Greeley on the subject. We also have the report of Major Abercrombie and that of Senator Dillingham's committee, who went out there five years ago. What each of them says on the subject corroborates the other. We have heard from military officers that the Government is about taking measures to fortify that entrance. You can reach the coal from Valdez as easily as from Cook Inlet. Six months after our road is completed, we will have copper and coal brought down in sufficient quantities to satisfy every demand.

The CHAIRMAN. How much copper has your road up there?

Mr. BARRING. Eleven hundred and forty acres.

The CHAIRMAN. Have you mined any of it?

Mr. BARRING. We are only developing now and opening up the veins. There are already a number of tunnels, cuts, and shafts.

The CHAIRMAN. How many smelters have you?

Mr. BARRING. None at all.

The CHAIRMAN. Are there any smelters in Alaska?

Mr. BARRING. One or two.

The CHAIRMAN. Where are those smelters?

Mr. BARRING. I think there is a smelter on Douglas Island. There is one in Tacoma, Wash.

The CHAIRMAN. What smelters are there in Alaska?

Mr. BARRING. That is the only one.

The CHAIRMAN. Are those smelters owned by the interests which are also concerned in the copper production?

Mr. BARRING. The Tacoma smelter is owned by the American Smelting and Refining Company.

Mr. HIGGINS. Who is interested in the American Smelting and Refining Company?

Mr. BARRING. The Guggenheims own the majority of the stock.

The CHAIRMAN. So that the same large interest in Alaska who are developing the railroads and copper mines also own the smelter at Tacoma.

Mr. BARRING. Yes, sir; we will have to ship our ore there.

The CHAIRMAN. Is there any difficulty in getting independent operators or in having your copper ore smelted?

Mr. BARRING. I do not know. There is a price fixed for shipping to the smelter.

The CHAIRMAN. Is that a uniform price?

Mr. BARRING. Yes, sir; it should be about \$2.50, but has been raised lately.

The CHAIRMAN. Are all the charges the same?

Mr. BARRING. I could not say. They own all the smelters except what the United States Smelting and Refining Company own. They are located at Boston, if I am not mistaken.

Mr. HIGGINS. You say that the same company owns nearly all the smelters.

Mr. BARRING. Yes; the American Smelting and Refining Company; but there is another company at Boston.

Mr. HIGGINS. What is the name of that company?

Mr. BARRING. I do not know the name of that company. Oh, yes; the United Smelting and Refining Company.

Mr. HIGGINS. Where are they located?

Mr. BARRING. In Boston, as I said.

Mr. HIGGINS. They do not do any smelting in Boston?

Mr. BARRING. They do it in the South—Arizona and New Mexico.

Mr. HIGGINS. They do not do any smelting in Alaska?

Mr. BARRING. I think there are some small independent smelters. I do not remember the names.

Mr. HIGGINS. Who owns them?

Mr. BARRING. They are owned by some gentleman whom I met recently in New York, but forgot his name. He told me that the Guggenheims were taking his output and were helping him along.

Mr. LLOYD. You made the argument that the Government ought to aid the railroads in Alaska to protect us from foreign countries in case of war. Would it not be better for us, if we make a move, to grant aid to the Alaska Central Railroad, so that it can get to the Matanuska coal fields?

Mr. BARRING. No, sir; because the Alaska Central Railroad, while it goes direct to the coal fields, has no fortified, natural fortified, harbor like the one at Valdez, and at the same time we can also reach that coal; and right here I want to say that a little competition may be of general benefit. Coal can be laid down at Valdez or Cook Inlet at \$3.50 to \$4 per ton, and make lots of money. The Alaska Central has no such harbor as we have at Valdez. Their harbor up there is not as well protected as ours, and in winter there is more or less ice. They are farther away from the Japanese current.

The CHAIRMAN. You have spoken about the advantage of Valdez Bay. Is it not stated in an official report that Valdez Bay is too deep for anchorage?

Mr. BARRING. Deep water is a very slight fault. It is rather a virtue. There are places where vessels can not anchor because the anchor chains would not reach ground. They can, however, anchor buoys and fasten onto them. They can also tie up vessels at the wharves.

The CHAIRMAN. How about Resurrection Bay? Is it considered an excellent harbor?

Mr. BARRING. I never was at Resurrection Bay. I understand that it freezes up sometimes. Our harbor at Valdez is open winter and summer. I have heard that there was some ice in Resurrection Bay.

The CHAIRMAN. Before Mr. Barring closes I want to call attention to a report made by the governor of Alaska in October, 1907, and ask him if he can not comment upon it now to take it into consideration in the future. On page 10 of the report it says, under the head of "Copper production:"

Copper production has increased materially during the past year. Shipments of the copper ore have been made from the Ketchikan district, and new mines have been developed, and it is to be hoped that an abnormally low price of copper will not interfere with the development. There are producing mines on Prince William Sound. There is great activity, and prospectors claim that all the mines have gratifying results. With the construction of a railroad up the Copper Valley, which seems now to be assured, the development will be rapid.

Mr. BARRING. As to those islands, there has been copper production on them for the last six or eight years. What the governor says is all true except as to the interior going ahead and being developed by a railroad up Copper River. I do not believe that a railroad can be built up the Copper River. That is the opinion of most engineers who know something about the topography. I will produce a report which is part of Captain Abercrombie's report, addressed to the War Department, which will settle the question whether or not it can be done.

The CHAIRMAN. In his report the governor says "the construction of a railroad up the Copper River now seems assured."

Mr. BARRING. If there were no glaciers, it might be possible to build such a railroad.

The CHAIRMAN. If there were no glaciers, but with them it seems a difficult proposition?

Mr. BARRING. Why not make a basis at Valdez. Why not have two good things?

(Mr. Barring submitted the following paper:)

At last Saturday's session of the committee the question was brought up as to the result in case our company should default on its interest charges. In that case under this bill the Government would take the road and would be held to pay the guaranteed rate of interest to the bondholders, unless the latter step in and under some agreement release the Government and take over the road themselves. That the Government, even if the worst should happen, would sustain a loss is not very likely, when it is considered that now, under the present system of transportation, it pays for carrying the mail—only first-class mail at that—from Valdez to the Tanana and the Yukon annually \$100,868. And it pays still more for transporting military stores and supplies for its telegraph stations, say, \$50,000. To this must be added several hundred thousands of dollars annually to keep the Government trail in repair.

Next, please consider the time it takes for the teams to go over a distance of 300 and 400 miles, to say nothing of the hardships to men and beasts. A railroad would mean a saving of at least 75 per cent of these expenditures, and consequently there would be little or no actual loss to the Government. Indeed, the immediate benefits from such a railroad to the Post-Office, War, and Interior Departments would amount to millions, while to the general public in and out of Alaska they would be almost incalculable.

However, there is no danger of an emergency of this kind. The tonnage is there both ways, at least so far as the Valdez-Yukon Railroad is concerned. I am sure, also, that a road opening the coal deposits of Matanuska would save a few millions to the Government and twenty times as much to the people along the Pacific coast. I believe that eventually this coal will be laid down at tidewater at from \$3.50 to \$4 per ton.

I say if the White Pass Railroad, with nothing but ordinary merchandise to carry, could be made to pay the entire cost of construction in two years's time is the record, why should the Valdez-Yukon Railroad and its Sitka enterprises at Cooks Inlet and the Seward Peninsula produce good results, even if the freight rates are made in Washington? We personally would prefer that somebody else with more money than we have would build our railroad, but we have been up against this proposition more than once and we know that no trunk line will be built in Alaska until all the best mineral claims—coal, gold, tin, and copper—have been hived and are in the hands of a few.

If I were in position to talk without exposing myself to the hatred and the relentless persecution of certain all-powerful men, I could tell you a story that would read like a chapter of Ida Tarbell's stories about men and matters in the oil fields of Pennsylvania. We know what and who is working against us and we know the whys and wherefores. Alaska, if not curbed and held in the clutch of a strong community of interests, may break the price of copper, consequently the aim and end must justify the means.

These three trunk lines would also open up new gold fields—30,000 square miles—between the Tanana and Yukon alone, and in a very few years the production of Alaska gold may reach the one hundred and one hundred and fifty million mark. Why not? Africa produces annually one hundred millions of the yellow metal, and it is partly this immense gold output that keeps England ahead of the financial procession.

I predict that the men who take hold of this railroad proposition and treat it as a measure of public necessity will go down into history closely on the heels of the late Secretary Seward. Why, is it not time for a departure in the relations of the General Government and the railroads? The railroad question, the clamor for a square deal in the matter of rates, for protection of the common people against the evils that grow out of overcapitalization has rocked the country from the Atlantic to the Pacific like a hundred earthquakes for the last four or five years. Here is your chance to establish a standard for a new era in railroad building, operating, and financing, and we are perfectly willing to accept the guarantee clause with any kind of a string to it. Surely the very experiment will be worth the money, no matter what the results may be.

Either the Government will establish the fact that it is fully capable of directing the management and financing of railroads or it will prove the contrary and admit its failure. The very result will tend toward setting the country at rest on the railroad question. I personally believe the experiment will be a great success, and if so Alaska is saved to the people. Amend this bill if you choose and surround the measure with every safeguard you can think of. We are with you, heart and soul, if you will only do something.

The Valdez-Yukon Railroad, besides its opportunities as a great freight carrier, is really a strategic road, considering its terminus on the Valdez Bay. To this natural fortified harbor, with its veritable twin Gibraltar at the entrance, you must look for a basis of naval supplies and operation whenever the question of supremacy on the Pacific Ocean is to be settled at the cannon's mouth. That day may not be very far off.

The CHAIRMAN. Now we will hear from Mr. Stewart.

STATEMENT OF MR. A. J. STEWART—Continued.

MR. STEWART. Mr. Chairman and gentlemen of the committee, I am anxious to answer two questions, one by Mr. Higgins and one by Mr. Houston. Mr. Higgins asked what authority we had for saying that a road could be built at Valdez, whether it was practical and could be constructed and operated. Am I correct?

MR. HIGGINS. I had intended to discuss with Mr. Barring as to what his opinion was as to the possibility of maintaining and operating roads in Alaska and what actual demonstration had been made or could be pointed to, showing that it was feasible to maintain for twelve months in the year a railroad in that country.

MR. STEWART. Well, I will state that Mr. Heney, who built the White Pass and Yukon Railroad and who certainly has had practical experience, gave us an offer of a contract to construct that road from Valdez to Eagle City at \$28,760 per mile, after having gone over the entire line on horseback and viewing it himself. He is a man who has had practical experience in Alaska. He built the White Pass Railroad, which is 1,000 feet higher in elevation. The Valdez range of mountains is only 1,800 feet high. The Mentasta Mountains on the Yukon are about 2,800 feet high. We got that estimate from Mr. Heney of \$28,760 per mile. That shows that it was practicable and feasible. That was brought out in my brother's statement of yesterday.

Mr. Manifold, of York, Pa., who built a railroad from York, Pa., to Baltimore, says that it can be built as easily as a road can be built from York to Baltimore. He built that road, and he operated the Western Maryland Railroad. He went to Alaska and went over this entire line in 1906. When he came back he said that it was simply surprising for what amount of money a railroad could be built over that route. He said that it could be built as cheaply as the road from York to Baltimore, and he made an estimate of \$30,000 per mile.

MR. HIGGINS. Along the route from York to Baltimore you do not have snow and glaciers to contend with.

MR. STEWART. Yes; they have snow, but not glaciers. On the first 10 or 12 miles we have plenty of snow. In Valdez district we have snow, but it does not freeze, and it does not give us any trouble. One snowplow will keep it clear. It is a mild climate. The mean winter temperature is 24°. When you cross the coast range you get into a climate where they do not have more than 2 feet of snow, and makes it possible to go over it in sleds. Here the snow freezes.

MR. HIGGINS. Perhaps you can not tell me, but if you can I would like to know whether or not there are any officials to whom your rail-

roads operating in Alaska make reports showing the cost of maintenance and operation.

Mr. STEWART. We have to make a report to the Interstate Commerce Commission.

Mr. HIGGINS. That is done by all the railroads in Alaska?

Mr. HIGGINS. Yes, sir; all the railroads in Alaska must make those reports under the Hepburn bill. The fact that people go from Valdez to Fairbanks in open sleds all winter shows that nothing may be feared in the operation of railroads.

The CHAIRMAN. Bearing on the statement made by Mr. Barring, in relation to the proposed construction of a railroad up the Copper River, you have just stated the authority of Mr. Heney. Is it not true that Mr. Heney stated that he could build a road up the Copper River Valley from Cordova?

Mr. STEWART. We have no evidence that he stated he could. We have received information that their first engineer, Mr. Rogers, recommended it and was deposed. The second engineer, Mr. Hawkins, who worked with Mr. Heney on the White Pass road, and helped to construct it, we understand, has made an unfavorable report on the Copper River route. Whether or not that is true, I can not say, because it is secondhand information. I can, however, say that with the money that they have spent down there, we could have built our road to the Copper River over the Valdez route, and I think, according to the best engineer's reports, it could be done.

Mr. Houston asks me a question about the coal. He asks me whether, from our harbor at Valdez, we can reach the Matanuska coal fields with as little mileage as can the Alaska Central Railroad. If you will take the report of Mr. Alfred H. Brooks, United States geologist, who made measurement and maps up there, you will find that about 80 miles west of Copper Center, up the smaller streams and water levels, of which there are many on that side of the river, the drainage goes into the Copper River. Following one of those streams we would reach that coal field at a distance of about 180 miles.

Mr. HOUSTON. Do you own any of the coal in that territory?

Mr. STEWART. Not 1 inch of it.

Mr. HOUSTON. You would have the right of access to it?

Mr. STEWART. We would have the right of access under the act of Congress by building up the Tanana, and by extending our lines we could get into that country.

I will say that the cost of our road into that coal field from Valdez will not exceed that of the Alaska Central Railroad from their present end of line constructed, because they have already testified that it cost them \$4,000,000 for the first 52 miles to the point where they are now. They say the next 50 miles will be equally as difficult, which will add another \$4,000,000, and \$4,000,000 would put us into the Matanuska coal fields.

The CHAIRMAN. You would not have any more difficulty in crossing than they would have.

Mr. STEWART. No, sir; because the watersheds are exactly the same. Those ranges of mountains are parallel to the ocean and slope off the same way east and west.

The CHAIRMAN. Do you not know that there has been a survey run from Valdez northwesterly to the Matanuska country?

Mr. STEWART. I do not know.

The CHAIRMAN. I understand that there has been such a survey.

Mr. STEWART. I do not know that there has been. We have been on the ground, and we do not know anything about it.

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Wednesday, April 8, 1908.

The committee met at 10.45 a. m., Hon. Edward L. Hamilton, chairman, presiding.

The CHAIRMAN. Mr. Barring desires to proceed this morning.

STATEMENT OF MR. HERMAN BARRING—Continued.

Mr. Chairman and gentlemen of the committee, at the last session of the committee I was asked the question in reference to the feasible route of railroads in Alaska, and I declared that it was impossible to build up the Copper River, and I base that on the strength of the report on that subject from the officials of the Government. I have here now the report of Mr. H. L. Wilson as to the most suitable route for a railroad from the Gulf of Alaska to the Yukon River. I would like to request that this be inserted as a part of my testimony. I think it very valuable.

The CHAIRMAN. It will be inserted unless there be objection.

[Report of H. L. Wilson, jr., embodied in general report of Capt. W. R. Abercrombie, Second U. S. Infantry, while engaged on the Copper River exploration expedition to find suitable route for wagon and railroad from the Gulf of Alaska to the Yukon River.]

The Wilson Mining Company, consisting of five men and an outfit of about 8,000 pounds, started from San Francisco March 1, 1898, and after a pleasant, but uneventful trip, arrived at Seattle March 4, at 4 o'clock p. m. Being unable to secure a pilot for the inside passage north, our steamer, the *Valencia*, took the outside route. It began to blow before we were outside of Puget Sound, and the storm continued for eight days, growing worse all the time. The captain of the vessel said the sea was running about 60 miles and the wind blowing about 80 miles an hour. On March 13 (Sunday) the barometer indicated that the storm would grow worse; therefore, out of consideration for the passengers, 606 in number, it was deemed best to kill and throw overboard 17 head of horses and cattle, also several tons of hay and grain that was loaded on the bow of the boat. This was done, and the *Valencia* baffled the sea and wind much better. Our voyage is known as the awful trip of the Alaska miners of 1898.

Tuesday morning, March 15, the weather was clear. We dropped anchor off Port Orca, Prince William Sound, Alaska, at about 11 a. m. At 7.30 p. m. over 40 men were landed, most of them being bound for Portage Bay, as was our party, to cross the glacier into the Cooks Inlet country. We lay at Orca twelve days, awaiting transportation. On March 26 we received word of a good find on the Bremner River, a branch of the Copper. We then changed our plans and started up the Copper River, instead of waiting any longer for a boat to Portage Bay. Our party, in company with another party of four men, chartered the steam launch *Mary* to take us to Alguiuk, about 50 miles distant. We started March 27, about 5 o'clock p. m., and made as far as White Sheds, where the sound waters are backed by the ocean waters, making a low bar. While waiting for a high tide to cross the bar a storm commenced, which lasted until Wednesday, March 30, when the weather again became clear. We crossed the bar about noon, but were faced with float ice coming out of the Eyak River, and were obliged to put back to Odiak, as coal was short. Here we pitched our tent on about 10 feet of snow. It then began to snow and blow. Wednesday, April 6, the *Mary Gilbert*, a schooner from San Francisco, landed about 25 of

her passengers at Odiak, all bound for the Copper River. We then called a meeting and about 18 men chartered the stern-wheel river boat of the Alaska Packing Company to take the party and outfits to Alaganik, or as near to that place as they could.

We started Friday, April 8, at 11 p. m., and were landed on 18 feet of snow on the marshes, about 3 miles from Goose Hill, which is about 8 miles from Alaganik. When we landed the sloughs were beginning to open, so we made haste to get off the treacherous ground. We worked until midnight, when a severe storm came up. It was so cold we were obliged to knock the boxes from our goods to make a fire. The next day we changed our camp to the timber in a higher part of the marsh. The storm continued until April 13, and the next three days it thawed. Saturday, April 16, at noon the whole party made a start for Alaganik. There were 32 men in line. On the trail the trip was a hard one, as in crossing the sloughs we broke through many of them. We reached Alaganik about 7.30 p. m. and left that place Wednesday, April 20, for Spruce Camp, a piece of timber at the junction of the Copper River and the flats that border the sound. Thursday we finished catching our goods on the banks of the Copper River. April 21 we began to move up the Copper River. The first station is an abandoned trading post, known as "Bear House." We made the journey on the ice, a distance of 7 miles. From this place we went to what is known as the "Second Cottonwood."

On Sunday, April 24, it stormed very hard. Tuesday, April 26, we reached the Cottonwood camp with the outfit. Here we camped on 18 feet of snow. Wednesday, April 27, it began to rain. The snow became so soft we could not move.

On June 1 we started up the river at 2 p. m. The river has many channels, with bars and banks of quicksand and gravel between them. The channels are continually changing their course. After sixteen hours of hard labor we returned to camp, being unable to battle with the current and ice. On Friday, June 3, we made another start, this time going up the left channel. Coming to a high bank, we were obliged to pull the boat up the same by a rope. We finally crossed the channel to the flat on the other side, pulling from one flat to another and crossing streams when necessary. At 11 o'clock p. m. we camped about 1 mile from where we had started. Our boats leaked badly from being dragged over so many bars and coming in contact with so much float ice, and therefore it was thought best to put back to camp.

Saturday, June 4, several parties arrived from Alaganik, landing on the beach near our camp. One of the parties was composed of 40 persons, the other of 18.

On Sunday, June 5, our company divided, 3 starting back to Odiak to go to Cook Inlet, but when they reached there they found many persons coming out, so decided to return home, which they did. The same day 2 men came down the river, claiming to have lost all their goods at the rapids, and by their bad stories of the impossibility to boat up the Copper River, succeeded in turning 3 or 4 others from one company. The company had hired these men to help them through and when deserted by them requested our assistance, saying they would reciprocate until we were above the rapids. We agreed to this proposition, and on Monday both parties (23 persons in all) with 9 boats started up the left channel, and, upon reaching the high bank, cut a trail through the alders and, with 5 men on the head line and 3 on the stern, succeeded in getting our boats through the swift current, which we judged to be at least 10 miles an hour. The next day we were joined by a smaller party. We were all day getting the boats through this place. We worked, rain or shine. Now, for the first time, we came to a glacier stream, into which we were obliged to go and roll over large rocks in order to make a channel to get through hidden rocks about 10 feet from the bank to the middle of the stream. The glacier water runs swift, clear, cold, and deep, presenting a great contrast to the Copper River water, which is very sandy and muddy.

We were obliged to overcome difficulty after difficulty, cutting trail most of the way, before our boats could proceed.

On June 12 we were just below the Childs Glacier, on the right bank of the river. At 4.30 a. m. we commenced to line our boats past the glacier. Here the river is composed of one stream and in places runs very swift. It is about one-fourth of a mile wide. The glacier at this time of the year is along the water's edge. It is about a mile and half long and 150 feet high. It is supposed to be moving forward. The opposite side or bank is a long, rocky beach. When the glacier "dumps" it throws a swell, varying in size to the amount of ice that

falls. We sent our first two boats up on the rocky beach, and another was swamped at the water's edge. Out of the one swamped we lost about \$100 worth of goods. We continued to put the boats through to a place of safety between the two glaciers. It took a swell about three minutes to reach us after the ice had fallen, the second or third swell being the larger and stronger. On the third trip one of our boats was thrown so high and dry that the men on the lines, 9 in number, were in water over their heads and were obliged to climb to the large boulders to keep from being washed into the stream with the receding waters. Three of the men were badly hurt about their knees, and one week later two of them went back to the States. My partner, who was one of the three hurt, was laid up for six weeks, unable to do anything. He remained, however, and wintered at Woods Canyon.

We camped on a part of a dead glacier between the two, "Miles" and "Childs." Here the river is much wider and not so swift. In front of the Miles Glacier is a large basin like a lake, about $2\frac{1}{2}$ miles long and 2 miles wide, with large icebergs floating in it. We rowed across this lake to what is known as the "left-hand slough," where we found quiet water and a good camping ground, sheltered from the wind. The party of 40 men went still further up, to the foot of the rapids on the left bank. At this time of the year the water is high and runs very swift. We tried many times to line up the rapids, but failed. Two large snowslides on this bank also came down to the water's edge, hanging over the waters about 25 feet, ready to fall at any moment. We tried in vain to get the boats past them. As only alders grow in the vicinity of the rapids, we could not build boats above and pack the goods over.

On Thursday, June 16, we were located in front of Miles Glacier on the left side of the stream. The water rose at the rate of from 1 to 5 inches in twelve hours. This rise or fall in the water of the slough means a rise of as many feet in the rapids above.

June 17, 20 men came down the river from Bremner with reports of no gold to pay and water too high to get to bed rock. Some of the men tried to shoot the rapids, taking an Indian to guide them. The boat was lost, and they escaped with their lives only by assistance from shore. Substitution of the boats above the rapids was commenced for those below. Bedding and personal effects were packed over the trail, which is very bad, having two snow slides to cross and three rock cliffs to scale about 200 feet above the raging waters, with a rock ledge of not more than $2\frac{1}{2}$ inches wide for the feet and about the same for the hands.

July 4, conditions being more favorable, we began to move up the rapids, taking with us a boat load of about 1,000 pounds, calculating to put a rope across the rapids and stretch it above to use as a ferry. In this we failed, the water being too swift for us to cross. We then put 5 tons of goods about halfway up the rapids, thinking to make the crossing when the water became lower. Men were pulled into the water and the boats broke away many times.

July 10 the water began to rise again and there was no opportunity to get the goods over the rapids.

July 21 we commenced to put goods past the face of the Miles Glacier, following close to the rocky flat on the opposite side of the lake. It takes about seven minutes for a swell to reach this side after a glacier has dumped, thus giving the men time to protect themselves. Four of our best boatmen took the goods across the rapid stream, which flows from the cataract above. From here we packed up a high, rocky side of a dead glacier, about a mile distant, then through 4 miles of alders and rocks to the head of the rapids, which we reached with all outfits August 12. During our stay of about fifty days in the vicinity of the rapids and glaciers it stormed twenty-four. The river at this place resembles a large lake, but has quite a current. We waited until August 24 for wind in the right direction and quantity to push us against the current, as we could not row against it with a loaded boat. While here we have seen the river rise 70 feet in twenty-four hours and fall 15 feet in the same length of time. The water of the Copper River flows in swells at times, as the wind blows in gusts, and at times little headway can be made even with a sail. August 25 we passed through Mead Canyon, which is dangerous on account of swift water and rocky cliffs. August 27 we made camp about 2 miles above Bremner River, on an island in the Copper River, and then returned for the remainder of our cache, arriving at this island again on September 3. On September 5 we moved to another island 3 miles farther up the Copper. The next day it rained and blew down the river, the water raised, and the current was so swift we could not move. On September 15 the wind

changed, but the storm continued. We started out and made about 10 miles, but our companions in another boat were left on the flats. Here the sloughs or streams get so small and so many gravel bars—falls, for they have a positive drop of from 1 to 2 feet—that we resorted again to lining our boats. Ice-cold and swift water, quicksand, gravel bars, and high, rocky cliffs to finger or rope around, with an occasional sandstorm, were the principal obstacles we had to encounter. October 1 we reached Wood Canyon, another almost impassable barrier of the Copper River. We were the first party to pass up through the canyon this year. October 3 we started with a light load about 8 a. m., three men in a boat, and by rowing, fingering, and roping, crossing back and forth to avoid the currents—swift water being the main difficulty—we reached the bar above 6.15 p. m.

On October 7 we started up the river above the canyon. Again one has the same kind of bars, cliffs, and swift water to contend with. October 10 we reached a small stream about 13 miles above Wood Canyon, the headwaters of which we started for. October 11 it grew very cold, and slush ice was running in the stream. When we reached the mountain back we found the climate more agreeable. October 20 we were back to our camp at Wood Canyon, having traversed the distance in about four and a half hours. Before it had taken us four days to make it against the stream. October 31 we started down the river for the States to spend the winter. We left the canyon at 7.30 a. m., and reached the island 5 miles above the Bremner River about 4 p. m., a distance of 45 miles. The next day we continued our trip down the river, starting at 11.30 a. m. and arriving at the head of the rapids about 6 p. m. Here a great change had taken place. Instead of the large lake-like body of water, there were two streams with a long gravel and rocky flat reaching down from the left or east bank about 400 yards, and water had receded fully 50 feet.

October 23 we shot and roped down the rapids, landing safely about 3.30 p. m. We found it impossible to go down the right slough, it being dry. The main slough from the rapids on the left, in which is the cataract, was blocked with icebergs at the lower end; in fact, the whole lake or basin before the Mills Glacier was a mountain of ice, making it impossible to get over that way. Therefore we unloaded our goods and rolled the boat over the rocky bar or flat for a distance of about 3 miles on rollers made from drift logs, and then packed our goods to boat. A windstorm commenced the morning of the 23d. It was blowing down the river and getting colder, but we were anxious to push on, as we knew the way so well. All went well until the current we were to follow turned to the right and led in a direction that would take us to the Copper River flats and so out to the sea. The storm was too strong for us, and we were blown into the ice float on the left, and, try as we might, we could not keep out of the slough to the left and were kept from landing by the slush ice. We seemed to be in the very center of the storm. It kept blowing harder and getting colder. The moon came out, and sometime after sunset we were able to get our boat to the right side of the stream, where we found a blind slough and pulled the boat in for the night. We crawled under the boat and waited for morning, hoping that the storm would abate. Daylight brought no change. The water had receded 100 feet from the boat, upon which the wet sand and gravel had frozen 3 inches from the bottom. We tried in vain to get the boat free. At this time the wind was blowing from 50 to 80 miles an hour. To get our bearings we started for the right side of the river, as the storm was raging so one could not see a distance of 20 feet, owing to the dust, sand, and gravel. It blew gravel stones as large as No. 4 shot, and one required a staff to walk against the storm. We reached an island covered with alders, somewhat sheltered from the storm. We were then opposite Spruce Camp, only 8 miles from Alaganik. Fully believing that there was but one slough between the island and the mainland, it took us until night to get some of our effects from the boat.

The next day we started for the river, calculating to build a raft and make the other side, but we found five sloughs instead of one and no drift. We then built a brush house, put up a signal, built a fire, and camped. We soon ran out of grub and could only wait for the storm to abate. On November 22 we were successful in getting to the other shore and started for Alaganik. When about halfway we met two men out hunting and asked them for something to eat, as we had had nothing for several days. They were of a party of 9 men who had also been blown wrong by the storm which came down the Copper River. After giving us some beef tea, the entire party started for Alaganik, which, owing to open sloughs, we did not make until November 3, about noon. The

natives told us that these winds continue down the Copper River until February. We stayed at Alaganik until November 7, as the sloughs were frozen too hard to proceed by boat, and not hard enough to proceed by sled. We were obliged to go over the marsh to Eyak Lake, which we understood was frozen hard enough to hold. On November 8 we had much difficulty in crossing the glacier streams, but made the lake by dusk. As it was thawing, the guide thought it best for us to go across a certain point, where we could make Alaganik by land, but as we neared the point of land the ice gave way and all went through into the lake, but again landed safely. One sled load of goods stayed in the water all night. A cold sleet was falling, and we built a fire and waited for morning. November 9 we built a raft and secured the sled, we could not get out of the ice the night before. We then took a small pack and started for Eyak, at the head of the lake. Odiak, which is just across the arm of land between the lake and the sound, we reached about 12.30 p. m. The storm started in again more furious than ever and continued for four days. We then went to Orca to await a steamer for the States. On the 21st of November we started in a small sailboat for Valdez, at which place we landed November 25, about 10 p. m.

H. L. WILSON, Jr.

STATEMENT OF MR. A. J. STEWART—Continued.

Mr. Chairman and gentlemen of the committee, I wish to read and have inserted one or two lines from the New York Sun of March 26, 1908, on the subject of Alaska. The article is on the editorial page, and I think if the whole article can be embodied in my remarks, it would be very interesting. It says that in the last ten years, in round numbers, Alaska has produced \$265,000,000 in gold, and good judges say that in the next ten years at least three times that amount will be taken out by means of dredges, each of which represents a labor force equivalent to the work of a thousand men. Naturally miners and prospectors are optimistic, and it must be admitted that in the case of Alaska they have good reasons for their optimism.

When you come down to the question of Government statistics, it says, "Alaskan business is no insignificant part of the carrying trade of the United States, and it certainly deserves more attention on the part of Congress than it has hitherto received." The article goes on to give the business with Porto Rico and the Philippines and Alaska. The article will be inserted and it will be unnecessary to read the different sums.

Mr. CAPRON. Are those figures authentic?

Mr. STEWART. They are taken from official reports.

The CHAIRMAN. How much space does the article occupy?

Mr. STEWART. About half a column.

The CHAIRMAN. Is there objection to the insertion of the article into the record?

Mr. CAPRON. I think it would be valuable.

The article reads as follows:

ALASKA.

The people of the United States long ago recognized that "Seward's Folly," as Alaska was sometimes called in the decade or two after its purchase from Russia in 1867, was a ridiculous misnomer, merely reflecting the folly and shortsightedness of those who applied it. In reality the purchase of Alaska for a mere bagatelle—\$7,200,000 in gold—was one of the greatest strokes of statesmanship in the story of American expansion by peaceful acquisition. What is perhaps not so well known is that even in its present comparatively undeveloped state Alaska is by no means an insignificant factor in our national assets. As shown by the recent report of Clarence L. Hobart, collector of customs for

Alaska, our northernmost Territory compares most favorably in the matter of the total volume of its business with that of our insular possessions. The figures for the last month of 1907 are not yet available, but estimating the business for that month on the basis of the preceding monthly average the Philippine Islands and Porto Rico did a total trade in 1907 of \$67,821,684 and \$57,307,808, respectively, while Alaska's total for the same period is \$48,425,330. Eliminating the foreign trade and taking account only of receipts and shipments to and from the United States, Alaska makes a still better comparative showing, its total for 1907 being \$45,609,947, while the Philippines are credited with only \$23,000,000 and Porto Rico with \$49,500,000. It must be remembered also that while Porto Rico and the Philippines are old, settled lands whose resources, especially, in the case of the former, are well known and fairly developed, Alaska is a new country, whose principal development has been a matter of little more than a decade.

Taking the list of shipments in detail, the principal items of Alaska's business embrace copper ore; fish, fresh, cured, and canned; fish guano, fish oil, furs, gypsum, tin ore and concentrates, whalebone, gold, and miscellaneous merchandise to the amount of \$730,856. Of these principal products canned salmon was shipped to the value of \$7,721,749, and copper ore and matte to the value of \$1,539,120, while the largest item in the list, gold, amounted to \$11,911,882, a decrease of about \$2,000,000 as compared with the output of the preceding year. This decrease, however, was due to strikes and labor difficulties, and the figures given also do not include the gold shipped out by mail.

In the last ten years in round numbers Alaska has produced \$265,000,000 in gold, and good judges say that in the next ten years at least three times that amount will be taken out by means of dredges, each of which represents a labor force equivalent to the work of a thousand men. Naturally miners and prospectors are optimistic and it must be admitted that in the case of Alaska they have good reasons for their optimism. Alaskans confidently look forward to the time when their country will lead South Africa in its yield of gold.

The salmon industry of Alaska, also, seems capable of vast development. Even at present the single item of canned salmon yields a yearly total greater than the sum originally paid for the entire Territory. If not a dollar of gold had been taken from Alaska its fisheries alone would have made it a good commercial investment. There was a general falling off of business in Alaska in 1907 as compared with the previous year, the explanation being, as given by the collector of customs, the labor troubles and also the overstocking in supplies in 1906. On the whole, however, Alaska's business is in a sound condition and gives promise of great increase in the near future, when better roads and better transportation facilities are secured. The lack of aids to navigation on its enormous coast line is also a great drawback. On the entire western coast of the Territory there are, for instance, only three light-houses, and such facilities as its ports for commerce are very crude and unsatisfactory. As the previous figures show, Alaskan business is no insignificant part of the carrying trade of the United States, and it certainly deserves more attention on the part of Congress than it has hitherto received. A country that is preparing, in connection with the Yukon Territory and the Pacific coast, for a great exposition at Seattle next year should no longer be slighted and neglected as it seems to have been by Congress. Alaska seems at least entitled to an efficient organized Territorial government, and it is to be hoped that Delegate Cale's efforts to that end in Congress may be successful.

Following the suggestions of the President for aid for railroads in Alaska, Congress is committed to act. Following the press which voices the sentiment of the people, Congress is requested to act.

Following the needs for gold, gold in its metal, instead of the issue of bonds and notes of the Government to secure the same, it is wise for Congress to act.

Following the necessities of the people of the Pacific coast and our merchant marine and our Navy for coal, it is a proper and economic action for Congress to grant transportation to develop these rich coal fields as well as to develop the rich copper fields and to build up on the Pacific coast great industries, and Congress has the right to protect the people in their independent investment in Alaska by the only means, which is railroads and transportation. Our West

would be undeveloped yet but for Government aid for transportation; and, finally, the Government has the right to extend its credit where we show it is now spending hundred of thousands over these routes for mails and transportation of supplies; and, finally, the Philippine measure established a precedent for Congress to act, and that aid has largely been indemnified and released.

The people of every State demand of Congress relief and protection for their investments in Alaska.

I thank you, gentlemen, for your kind and patient consideration of this matter; but the people are looking to you for relief, through their representatives and through the press of the country.

Mr. HOUSTON. Some of you gentlemen have asserted that these large interests or capitalists were in combination, making it possible to prevent you from obtaining credit to develop and build up your roads. Then, when this road is built, by Government aid or otherwise, what guarantee is there or what reason is there to enable us to believe that those interests or some other interests will not get control of this road and also get into combination?

Mr. STEWART. I believe it would afford sufficient relief to the various interests in Alaska, so that that question would not arise.

Mr. HOUSTON. You think the question of combination would be difficult?

Mr. STEWART. I think it would be just as difficult as it was to combine the Northern Pacific Railroad and the Southern Pacific Railroad under what was known as the Northern Securities proposition. The law is such that it would prevent a combination or an alliance of that kind. I think that question has already been decided. They could not take all these various completed lines and put them into a combination after they were once built.

The CHAIRMAN. Suppose the policy could be adopted of selecting certain routes or trunk lines in Alaska and that such lines could be specifically identified, would there be any possibility of these large interests of which you speak being able to get control?

Mr. STEWART. I do not think so, because they would be lines that to certain points would be competitors.

The CHAIRMAN. They would be parallel lines.

Mr. STEWART. Exactly; while they would each have their own territory and would be able to get their own tonnage, at the terminals they would be competitors.

The CHAIRMAN. I presume that you have the information so that you can tell us, leaving out consideration of the Alaska Central Railroad, what would be the very best route from Valdez northward, for the purpose of developing the internal resources of Alaska. Would it be best to follow the present trail as to obtaining the best route for the purpose of developing the internal resources of Alaska?

Mr. STEWART. It is my opinion that it is. After you get to a certain part of the interior, I believe that a road should go down the Tanana. There is no route, according to the ideas of the best engineers, and according to reports of the Government officers, both those of the United States Geological Survey and the military engineers, but from Valdez in through the mountains and through the Matanuska coal fields and into the Copper River copper country.

The CHAIRMAN. Those you would consider branch lines?

Mr. STEWART. I would.

The CHAIRMAN. A road, following the Tanana by any other route, going to Fairbanks, would not follow the trail?

Mr. STEWART. It would not. A road must eventually be built to the Yukon. The day will come when it will be mighty important to have troops on the Yukon.

The CHAIRMAN. That could be done if you went down the Tanana to Fairbanks?

Mr. STEWART. I think so; after having studied the thing very carefully from reports and maps.

The CHAIRMAN. The country from Tanana across northerly to Eagle City is not very well defined now, even for mining purposes.

Mr. STEWART. The gold streams running into the Yukon are what are called the 20-mile, 40-mile, or 60-mile streams. The gold diggings there are older than those at Dawson. They have developed very good fields there, but up to the present time they have not been worked very much.

STATEMENT OF MR. R. S. RYAN.

Mr. Chairman and gentlemen of the committee, I have got only a general interest and no personal interest in any of the railroads proposed for promotion before this committee.

I can say without egotism that I was the father of the proposition for Government aid to railroads in Alaska.

I have been in that country for over nine years, and the lack of transportation facilities appealed to me soon after I arrived in that country. I have covered Alaska from the Yukon territory to Kotzebue Sound, through the Prince William Sound district, and also over Alaska Central Railway into the Matanuska coal fields, and pretty well the Copper River section of the country. I was in Fairbanks and on the Tanana before Fairbanks was discovered in 1898. I have not given it very much attention except as to transportation.

I think that the chairman and the gentlemen of the committee will remember that when we first advocated this bill it was while the Philippine bill was pending in Congress. We advocated Government aid for railroads in Alaska along the same lines as the Philippine bill. We discussed the matter with the Administration and with the Secretary of War and other men who were engaged in the exploitation of our insular possessions. The consensus of opinion at that time was that it was feasible and possible to get Congress to give aid to transportation lines in Alaska on somewhat or near the same lines as it was proposed for the Philippines.

We then proposed bringing the matter to the attention of Congress, and either through a commission or through whatever other sources of knowledge, so that the Congress could figure out in their own minds the routes most practicable and most feasible for the opening and development of the Territory.

I do not see, Mr. Chairman, how you can give aid to a private corporation or specific railroad, along the lines that have been proposed before this committee, until you have submitted the proposition to the departments of the Government who have the responsibility and means of investigating it.

I think that a bill, as this bill of Mr. Lovering's, reaches the proposition as it was attempted in the Philippines, and should meet with

the consideration of the committee, and will, I am sure, meet with consideration at the hands of the Administration.

All you lack in Alaska for the development of the country is transportation. The Copper River and Bering River country, of which you have heard a good deal here, have deposits of copper and coal and in such large bodies, for instance, the Bonanza mine and others, as to offer sufficient inducement to private capital to consider the construction of railroads without Government aid.

The CHAIRMAN. State where those copper and coal fields are.

Mr. RYAN. The Bonanza mine is 160 or 170 miles from tide water, where a road is now under construction.

The CHAIRMAN. At what point?

Mr. RYAN. It could be tapped from three different points—from Cordova, on Prince William Sound; from Valdez, and it could also be tapped from Comptroller Bay.

The CHAIRMAN. By the Bonanza mine you mean the large mine that has been referred to?

Mr. RYAN. Yes, sir; it is controlled by what is known as the Guggenheim interest or the American Smelting and Refining Company. The coal fields known as the Bering fields are a distance of about 12 miles in the extreme southeasterly section and 26 miles in the extreme northern and from tide water on Comptroller Bay. The reason is simple why railroads will be built to these points—the tonnage is assured. It is in sight.

We know that the great money powers of the United States are generally looking for good investment propositions, and that capital can always be had for the building of railroads when you put before people of business methods a demonstration of tonnage enough to satisfy them.

The CHAIRMAN. You think that there is sufficient business in copper, gold, and coal to make construction of roads there possible without Government aid?

Mr. RYAN. I think there is to that point—the Bonanza mine. When you go farther inland after tonnage such as coal, then the question will arise as to cost of transportation as against the cost of other coals laid down on the Pacific coast.

The CHAIRMAN. How do you account for the fact that there seems to have been difficulties by experienced capitalists and financiers in getting started in the direction of Copper River?

Mr. RYAN. I do not think they were very slow in getting started. The copper country, you might say, was brought to the general notice of the world about the year 1898. It was known to exist there, but only to a comparatively few, and it did not become known to a great many people until after the year 1898 or 1900. It was only after the Klondike was first discovered, 1897, which marked the beginning of the opening up of Alaska, and a good many investors who looked at it from a distance said "it was too far from Wall street." In other words, they had to investigate it in their own way in order to give it consideration in their financial councils. So it was not until 1901 or 1902 that any great attention was given by eastern investors to that portion of the country.

The CHAIRMAN. Do you think that in recent years consideration has been given to the feasibility of those routes?

Mr. RYAN. Yes, sir; in reference to that Copper River country, I might say that considerable money has been put in there and some thrown away. The Alaska Central Railroad was projected by local capitalists in Seattle. They built from 8 to 12 miles of road, and shortly afterwards it passed into the hands of Chicago capitalists who believed, and had reason to believe, in the great resources of the country. They believed that the resources of that district for a line of road such as the Alaska Central was proposed to be, would be a very profitable proposition. At that time, 1904, if you will remember, the Alaska Central opposed Government aid before this committee. I supposed that they were confident that they would acquire the necessary capital or that they could promote their own road without any trouble. They found to the contrary, and they were manly enough to come forward and admit it, after the expenditure of \$4,000,000 in cash and after they had failed in their attempt to float their bonds—the attempts to do so were bona fide, of that I can assure this committee, for I saw a great deal of the correspondence that passed between Mr. Frost and other financiers in London and Holland who would not give them anything like a fair price for these bonds. I think that 67 or 70 was the highest price that they were offered for the bonds.

The CHAIRMAN. The Alaska Central Railroad has no relation to the Copper River country?

Mr. RYAN. No, sir; it is farther west. It is 150 miles or more west of Valdez.

The copper deposits of the interior of Alaska have been exploited sufficiently through the confidential advisers of the great money powers of Wall street, by that I mean that the financial people took the general cognizance of the copper interests where they saw fit to investigate it. Their intention was to build a line of transportation. That transportation they arranged for, I dare say, when they took hold of the copper property, known as the Bonanza mine and others.

The CHAIRMAN. Can you tell us just how these large interests get control of the large copper properties?

Mr. RYAN. There is no law whatever to prevent any man from owning 5,000,000 acres of copper land in Alaska, provided he does the assessment work of \$100 each year on each claim. There is no law on the statute book that could stop a man from going to Alaska and getting hold of all the locations of copper properties or other mineral locations—it depends on his purse.

The CHAIRMAN. Do you mean to say that these centralized corporations have employed individuals to look up claims, and have paid this \$100 assessment per year?

Mr. RYAN. No, sir; not necessarily that. The locators and prospectors go out. They go first to look for the yellow metal, because that has a ready market for them and they can put it into the assay office and get their money. In connection with gold prospecting they look after the baser metals. The prospecting in the Copper River and other copper territories by prospectors has been a secondary consideration, I should say; that a man who is in the country, when he runs across such deposits, stakes them.

The CHAIRMAN. By staking them you mean that he defines the size of his claim.

Mr. RYAN. Yes, sir; he is allowed by law a certain acreage. After locating he then appeals to some of his more wealthy friends, and in

this way might stake twenty or thirty different claimants. That makes it profitable for them all. They investigate a little with the intention that as soon as it is demonstrated that they are good locations they will take it to some copper dealer who has an idea of its value and will enlist his aid. If the original owner can maintain one-eighth or one-sixteenth of it, they think they have done well. The cost of development, of reduction, of transportation, to make it of any value, is going to cost so much that the prospector could not think of handling it.

The CHAIRMAN. After the location is settled, the capitalist furnishes the money to the locator and gets a certain share?

Mr. RYAN. It might be a certain share or the prospector might be bought out altogether. It is a good deal like dealing in wheat. A farmer sells it to the dealer and the dealer ships it and it goes into the hands of the miller. The man who locates a small copper claim never has any idea of working the proposition for himself out of his own pocket.

Now, as to the bill which is before you, I think Alaska ought to be helped.

The resources of the interior of Alaska will continue to lie dormant unless Congress does something. All the great highways of our country were built by subsidies, Government and county. The Government of England built its railroads. The Government of Rome built its railroads, Germany built her roads in that way, and so did Canada; and our own country can not be an exception to it.

We would not have the great States of to-day west of the Mississippi if it had not been for the aid given to the Pacific railroads. The great development of Colorado, Nevada, and all those Western States was caused by the building of those roads, but for which these resources would still lay dormant if that aid had not been extended. The same is true of Alaska. Private capital is not going to invest in advance of development as a speculation. That capital will follow only after the resources are developed, and the Government should take some active part in such development.

Mr. HOUSTON. You stated that there were certain sections in which wealthy private interests would be willing to put in their capital to develop it.

Mr. RYAN. I am speaking of what is under consideration.

Mr. HOUSTON. I would like to have you distinguish that from the other part that you insist needs Government aid in order to develop it at all.

Mr. RYAN. The town of Fairbanks, roughly speaking, is 500 miles from tide water. The country is capable of immense development in low-grade mineral deposits. The cost of moving supplies into Fairbanks is prohibitive for the opening up of a large section of that country.

The CHAIRMAN. The cost of moving in articles is too high?

Mr. RYAN. It is.

Mr. HOUSTON. Develop that idea a little further.

Mr. RYAN. Certainly. It costs an average of \$1,000 a ton for prospectors to go into that country away from supply points and take their supplies.

The CHAIRMAN. Can they do anything in the way of quartz mining in the interior?

Mr. RYAN. You can, but the cost of getting in machinery is prohibitive. The cost is so high that there is no inducement.

Canada is opening up a great country west of the Lakes. That promises to equal parts of Alaska in mineral value. She is giving her railroad both land and cash subsidies.

If you gentlemen of this committee will take up this bill for consideration and will refer it to the proper officials for a report on certain lines as in their minds would be practicable and feasible, and after you get that information bring forth such a measure as has been recommended, then you can throw the bids open, just as was done in the case of the Philippine bids. If I say that I am satisfied that I can build the line for \$20,000 a mile guaranty, and another man bids \$21,000, I would probably get a contract to build those railroads.

The CHAIRMAN. Your proposition to this committee is that they shall recommend that some official or commission shall make investigation and report the most feasible route or routes for the development of the internal resources of Alaska?

Mr. RYAN. Yes, sir.

The CHAIRMAN. So that Congress can take action?

Mr. RYAN. Yes, sir; roughly speaking, I have not concerned myself with the details. That proposition could be handled by Major Richardson, of the War Department, to whom you gave \$20,000 for the purpose of making surveys and reconnoissances, and he can probably lay the necessary information before this committee, showing the routes which are practicable and feasible for opening up the country.

The CHAIRMAN. Westward from Fairbanks?

Mr. RYAN. Yes, sir.

The CHAIRMAN. It was along that line that I was inquiring of Mr. Stewart what he regarded as the best route at present from Valdez northward.

Mr. RYAN. The question comes as to resources. They, the Alaska Central Railway, have run a line from Seward through the country and down the Copper River, and we have got the profiles.

When I speak of the Matanuska in this connection, I refer to the representatives of the Alaska Central Railway. I took up the question unofficially with our representatives, Mr. Waskey and Mr. Cale. All of this information was given to them for their guidance in asking for this legislation concerning the development of Alaska.

The CHAIRMAN. Who did the surveying in that section?

Mr. RYAN. It was done by Mr. Baldwin.

The CHAIRMAN. Who is he?

Mr. RYAN. He is now general superintendent of the Bonanza mine. It was done under the joint payment of Mr. Frost and the Guggenheim interests with the object of getting into the coal fields.

The CHAIRMAN. Is it your idea that it costs less from Copper Center to Valdez than from Copper Center down to the mouth of the Copper River?

Mr. RYAN. I would not like to answer that question offhand. That is a question for an expert engineer. I would not like to answer it without having the figures before me. I would not like to make any statement that I could not substantiate.

(Thereupon the committee adjourned.)

COMMITTEE ON THE TERRITORIES,
HOUSE OF REPRESENTATIVES,
Monday, April 13, 1908.

The committee met at 10.45 a. m., Hon. Edward L. Hamilton, chairman, presiding.

STATEMENT OF MR. W. B. HOGGATT, GOVERNOR OF ALASKA—
Continued.

Mr. Chairman and gentlemen of the committee, this question of how to get railroads into the interior of Alaska has been one that I have been studying. Year before last, or soon after my appointment, the President directed me to go out along the coast and make investigation and report as to whether it would be feasible to recommend aid for the building of railroads in Alaska. I found that half a dozen different companies were promising to build railroads in different sections, and did not; that it was impossible for the Government to undertake to reconcile the differences of the companies, and that the only thing to do was to let them fight it out. I have found such a difference of opinion as to the best route and such a lack of knowledge as to the difficulties to be overcome as to leave me entirely in doubt as to which was the best route to get into the country.

At Valdez they said "the only way to get through was from Valdez." I met a man there last year who had been locating engineer for the Burlington Railroad for seventeen years, and who had been doing location work for the Copper River and Northwestern Railroad, who said that it was utterly impossible to go up the Copper River. He left the employ of the Northwestern Railroad on account of his belief. Another engineer of the Northwestern Railroad, who had been engaged in making a second reconnoissance, reported favorably upon the Copper River route. Mr. Hawkins, an engineer of high reputation, finally concluded to build up the Copper River, and they are now constructing a road as far as the rapids on Copper River, called Abercrombie Rapids. Then a section of 20 miles near the head of the Uittina River, from the head of navigation on that river to a landing place for ore from the Bonanza mine. Eventually they contemplate building the intervening section of railroad. In the meantime transportation between the two sections will be by steamboat. It has been very difficult for competent engineers to determine the most practicable route. Both the Valdez and Copper River routes had serious difficulties to be overcome.

So far as aid is concerned, I feel that nothing has been presented to this committee or to Congress that has been of such a character as to insure the construction of any description of railroad in that section of the country.

I think it would be necessary, owing to the conflicting interests, if we are to get transportation, that Congress should authorize the appointment of a commission of Army engineers or competent railroad engineers to make a thorough examination as to the best route and let them make a report as to the most practicable and valuable route, and then offer proposals for the construction of railroads along those lines, under a proper guaranty, similar to what was done in the Philippine Islands. As the condition stands at present we are safe under the general law from the encroachment of any monopoly. There has

been a good deal of talk of monopolies, but I have felt that inasmuch as any railroad now being built would have to submit its tolls to the Secretary of the Interior for his approval and in that way we would be protected against extortion. The law provides against the exclusive occupation of any canyon by a railroad, and that thus these passes would be left open until such time as a railroad was built, and if that provision remained in the law, as I think it should, it would protect us against any undue rate or any extortionate charges by any railroad that might be built.

There are two ways in which the interior of Alaska will be developed. One is by the building of railroads to some of the mines in the interior, a distance of about a hundred and fifty miles, to the Alaska range of mountains. This would bring about the establishment of camps which would afford opportunities of employment for men who might discover and develop the resources of the country sufficiently to offer inducements for the extension of railroads without aid of the Government. They would not go farther than this range of mountains at present.

In order to get a railroad beyond the mountains to the Yukon River it would be necessary for the Government to help to build and maintain a railroad for a period of about ten years. The Government is now spending on the Valdez mail service about \$175,000 to \$180,000 a year, which could be given in part payment to a railroad to insure its being run after it was built. At the present time and probably for some years to come my own opinion is that the amount of traffic would not be sufficient to maintain a railroad beyond the Coast Range of mountains. There would be needed, to get beyond this range of mountains, a railroad to a distance of about 125 to 150 miles from the coast, and then there would be from 250 to 300 miles which would have practically no traffic anywhere except at Fairbanks. That is the only large center of population in the interior of Alaska. I think a commission should be appointed to go into these matters as to the practicability of the different routes, the cost, and the probable business that the road could get, and make a report, so that this committee and Congress can act intelligently.

Mr. HIGGINS. Bearing on the question of aid to any one road, you say that a number of engineers or a commission should be selected, so as to determine the most available route. Would you leave it to the engineers to determine how far the Government should go?

Governor HOGGATT. They could make a report.

Mr. HIGGINS. As to the most available route?

Governor HOGGATT. Yes, sir; and as to the business in sight and probable future business, which would give Congress some information so as to determine what aid would be necessary to secure the construction of a railroad and to maintain it in operation during the development of the interior of the country. To my mind, the Government should guarantee the bonds and give a mail contract for a period of at least ten years in order to secure the construction of a road to the Yukon River. I do not think that any of the roads that have been so far contemplated, notwithstanding all the statements that have been made regarding the intention of these roads to go to the Yukon River, have had any idea of going beyond the copper fields.

The CHAIRMAN. Do you think that a road to the copper fields would take care of itself?

Governor HOGGATT. Yes, sir; I do not think any of them contemplate going beyond the copper fields. In their claim for aid they talk about going to the Yukon, but I do not think that any of them have seen enough business in sight to warrant the building of a road to the Yukon Valley.

The CHAIRMAN. You think that probably one trunk-line railroad would be sufficient to open up the resources of the country?

Governor HOGGATT. I think so for the present. There might be other roads built soon. The Alaska Central Railroad must be built to the Matanuska coal fields, and I think it will be built with or without governmental aid in time. With governmental aid it will be built sooner. That country has the same quality of coal that the Bering River has. With railroads built to those two fields, they would enter into competition and afford the people of the Pacific coast coal at a competitive price. It would be a natural competition which would avoid too much Government regulation. With only one field opened, the price of coal would probably be maintained much higher than if the second field were open. So far as the other field is concerned, there is serious doubts in the minds of engineers as to whether a railroad can not be built into that field by a shorter route from Knak than from Cordova.

The CHAIRMAN. What is the distance?

Governor HOGGATT. Twenty-six miles from Kanak.

The CHAIRMAN. Are there restrictions now upon the mining of this coal?

Governor HOGGATT. Under the law as it stands now no one can mine nor extract coal from any one of these fields until he has secured a title, and as yet no one has been able to secure a title to coal lands in either one of these fields, and I think that nowhere in Alaska has the Interior Department issued patent to any coal land.

Mr. MCKINSEY. I think some have been issued.

Governor HOGGATT. None have been issued. Nine were ready for issue when a claim of fraud was made and the patents were not issued. As yet no claim has received the sanction of the Department of the Interior.

The difficulty is on account of our lack of knowledge, and some competent engineers in Government employ should be authorized to go through that country and make an examination which would be unbiased, so as to enable the Government to devise such plans as would be most feasible to secure the construction of a railroad or railroads in the interior of the country.

There was another route seriously thought of and contemplated from a deep harbor in southeast Alaska, with the object of going to Dawson, with a possible extension to the Tanana north of the coast range of mountains. The projectors of this road appealed to Congress in the winter of 1897-98 for a franchise and right of way through United States territory. These were refused, and Congress passed a general law under which the railroads are now being constructed and which I think is very good so far as general railroad building is concerned, but I feel that in the end the Government will have to help develop the interior of Alaska with transportation, and to do that we ought to have information that is unbiased and made

by gentlemen who are in no wise connected with any of the different railroad schemes.

Mr. HIGGINS. What good has come from the investigations that have been made on that question heretofore; for instance, General Greely made a very extensive investigation.

Governor HOGGATT. No; I think not.

Mr. HIGGINS. Did he not make a report?

Governor HOGGATT. He made a report on the conditions, but did not go into a detailed investigation. He could not have done so, as the data was not at hand then to enable anyone to make an approximately accurate determination of the railroad needs of Alaska.

Mr. HIGGINS. He made extensive observation.

Governor HOGGATT. Not such as to be of much value. His report or investigations might be called a mere reconnoissance. He did not give an opinion based upon reliable information upon which action could be based.

Mr. HIGGINS. Did not the Dillingham committee, four or five years ago, spend several months in Alaska, and did they not give extensive hearings on that particular subject?

Governor HOGGATT. Those hearings were ex parte and confined largely to hearsay or from persons not confined within bounds in their statements by a proper sense of responsibility.

Mr. HIGGINS. They were ex parte, but I assumed that everybody was welcome to come forward who could illuminate the question.

Governor HOGGATT. That is true, but at that time nobody had any information upon the subject. No survey had been made.

Mr. HIGGINS. Do you know the number of preliminary locations that have been made of railroads in Alaska, or do you know the number of preliminary locations that have been surveyed?

Governor HOGGATT. There are about five from Valdez and Katalla, and there is one at Resurrection Bay. There is one at Tanana River and one at Fairbanks. There is a Solomon River Railroad and the old Nome and Arctic, built 85 miles north from Nome into the Seward Peninsula.

Mr. HIGGINS. That makes how many?

Governor HOGGATT. Nine. And, of course, there is the White Pass and Yukon Railroad.

Mr. HIGGINS. That makes ten.

Governor HOGGATT. That makes ten in the interior of Alaska.

Mr. HIGGINS. The Secretary of the Interior says there have been 42.

Governor HOGGATT. I do not know the number of preliminary locations which have been made. I have heard of a number of preliminary locations. Those I have named comprise about all that have done any construction.

Mr. HIGGINS. Do you think that those 42 locations have been made without sufficient information or without any information?

Governor HOGGATT. Most of them have. Mr. Stewart's company has made some surveys from Valdez. The Copper River and Valdez Railroad made surveys from Valdez to Cordova and also the Alaska Pacific Railroad. The Copper River road made some, as did the company which Mr. McKenzie represented. I think that Mr. McKenzie's company never filed theirs. The Alaska Central Railroad made a survey as far as the Matanuska River and Copper River and

have made a reconnaissance to Fairbanks. That information would be at hand to any commission that might now be established.

Mr. HIGGINS. If those 42 locations have been made by 42 separate and distinct companies, and that has been done without sufficient information, what has been the object in view?

Governor HOGGATT. Promotion schemes, largely. The object has been to make reconnaissances and surveys of locations so as to keep anybody else off the right of way.

Mr. HIGGINS. You think that has been done for the purpose of preempting it and playing the dog in the manger?

Governor HOGGATT. No; I do not think that. They have made preliminary surveys only. Those surveys do not give detailed information as to the practicability of the route. Such a survey is necessary for a preliminary filing and it is not of any value toward the determination of the probable cost of a railroad or whether it is the best route in that particular section. It is simply a first survey; and it does not enter into the details ordinarily required to determine upon construction.

Mr. HIGGINS. Nevertheless it has appeared to about 42 persons that there were certain opportunities for the construction of railroads in Alaska.

Governor HOGGATT. That may be.

Mr. HIGGINS. You say it is very doubtful whether any of these roads will be built to the Yukon?

Governor HOGGATT. None of them have ever gotten very far from the beach. A great many promoters and others have started schemes there of different kinds. There have been only one or two serious schemes attempted for the construction of a railroad from the coast.

Mr. HIGGINS. There is no supervision exercised over the railroads of Alaska.

Governor HOGGATT. Only by the Secretary of the Interior, who has control of them.

Mr. HIGGINS. They do not have to make a report to the Secretary or to any other Government authority?

Governor HOGGATT. No, sir.

Mr. HIGGINS. It was stated the other day, I think by Mr. Stewart, that railroads had to make reports to the Interstate Commerce Commission.

Governor HOGGATT. I think that is not so. We have had the matter up this winter. The matter was discussed with the Secretary of the Interior, and with Mr. Harlan, of the Interstate Commerce Commission, and it was decided that for the present railroad construction and operation in Alaska would be much better maintained by what little supervision is given it now by the Secretary of the Interior, because there is no railroad operating in Alaska for any great distance.

Mr. HIGGINS. Is it not feasible to operate railroads in Alaska for twelve months in the year?

Governor HOGGATT. It is; but there is no business for them. The Nome and Arctic continued to operate to the third mile, running along the beach for about 10 miles. About 82 miles is in operation during the summer.

Mr. HIGGINS. Do you think that any great public good could be served by compelling the roads to make annual reports to some authority?

Governor HOGGATT. Not at the present time. The railroads there have not very much reliable data that would be of use to Congress or anybody else.

Mr. STEWART. They sent us blanks to fill out as to cost of construction, etc. The Interstate Commerce Commission sent out those blanks. That is what I intended to say.

Mr. HIGGINS. You spoke of one road that was successfully operated, but are they mostly allied to the copper, coal, and other mineral interests?

Governor HOGGATT. The successful one that is in operation is the one running from Fairbanks to the creeks. It is about 30 miles in length. I do not think this road is allied with any other interests.

Mr. HIGGINS. Is that road independent of any other corporation and without any interest in any other mineral deposits there?

Governor HOGGATT. Yes, sir.

Mr. HIGGINS. Who owns that road?

Governor HOGGATT. Mr. Joslin, who is president, promoted the road, the Knickerbocker Trust Company of New York, and Mr. Barney furnished a large part of the money for its construction. I understand that they have had people there looking over the road and making a sort of reconnaissance with the purpose of making an extension to connect ultimately with a line from the south coast.

Mr. HIGGINS. You do not mean to say that people have gone up there and built this road without being connected with any other interest?

Governor HOGGATT. Yes, sir. It was simply built for the business that was obtained from the placer field, as a railroad to supply the creeks from the central point, which is reached by river navigation.

The CHAIRMAN. For the purpose of reaching the main line of travel?

Governor HOGGATT. This railroad was built for the purpose of reaching Fairbanks from the different creeks, and that was the only object the promoter had at the time the road was built. Subsequently he had in mind its extension.

The CHAIRMAN. To whom do you refer?

Governor HOGGATT. I refer to Mr. Joslin.

Mr. HIGGINS. Where does he live, at Fairbanks?

Governor HOGGATT. He lives at Fairbanks and Seattle. He was in Dawson, and after Fairbanks was discovered he built this railroad to take supplies from the head of river navigation to the mining camps. I saw him last winter, and he was talking about extending it up to the Tanana and perhaps beyond Richardson, with the idea finally of connecting with some other road from the coast.

Mr. HIGGINS. Who are the large mineral operators now in Alaska?

Governor HOGGATT. The Treadwell mine is the largest. There are a number of men owning large mineral properties there. Among them I would name Mr. Dillam, the Great Northern Development Company, and the Copper River and Northwestern Syndicate, commonly known as the Guggenheims.

Mr. HIGGINS. What is the name of the Treadwell corporation?

Governor HOGGATT. That is the Alaska Treadwell Gold Mining Company.

Mr. HIGGINS. Where is it located?

Governor HOGGATT. On Douglas Island. I understand that two-thirds of that property is owned by the Rothschilds, and the remainder of it is owned by Mr. D. O. Mills, of New York.

Mr. HIGGINS. Where do they sell their output?

Governor HOGGATT. They have stamps. They mill the ore.

Mr. HIGGINS. Do they depend on somebody else to get their ore to market?

Governor HOGGATT. They do not get it to market.

Mr. HIGGINS. Is the ore sent from the mill into San Francisco, Seattle, or Portland?

Governor HOGGATT. The ore is taken out and run through the mills. They have one mill within 200 feet of the shaft and one within 1,000 feet. They have 540 stamps. They get 50 per cent of the value in free gold at the mills. That is shipped in bars from the Treadwell mines. The other 50 per cent in value is sent down in concentrates. That amounts to about one-fortieth of the gross tonnage of the mines.

Mr. HIGGINS. I do not care to go into that. What I want to know is as to the product.

Governor HOGGATT. About one-fortieth of the waste has to be smelted. That is sent to Tacoma by barge or steamer, the Pacific Coast Steamship Company handling most of it.

The CHAIRMAN. Who is most interested in that company?

Governor HOGGATT. Mr. Cannon, president of one of the New York banks, with a good many others. For a number of years the Denissimiers carried most of the concentrates to Tacoma. They furnished coal to Treadwell and got return cargoes of concentrates. That was before oil was used for fuel at Treadwell.

The CHAIRMAN. The Treadwell is a gold mine?

Governor HOGGATT. Yes, sir.

The CHAIRMAN. What is the largest copper company that is being operated?

Governor HOGGATT. The largest copper property that is being operated is on Latouche Island. The biggest possible shipper is the Bonanza mine, in the interior, but that has not yet reached the stage where ore is shipped.

The CHAIRMAN. You say that no ore is shipped from the Bonanza mine?

Governor HOGGATT. No, sir.

Mr. HIGGINS. And never has been?

Governor HOGGATT. No; it has not yet been fully developed and there are no transportation facilities.

Mr. HIGGINS. How far is the Bonanza mine from the coast?

Governor HOGGATT. About 150 or 160 miles.

Mr. HIGGINS. On what road is it?

Governor HOGGATT. On the Copper River road.

Mr. HIGGINS. Who owns it?

Governor HOGGATT. It is owned by Mr. Morgan, the Guggenheims, and others.

Mr. HIGGINS. How long has it been in operation?

Governor HOGGATT. It was discovered about ten years ago.

Mr. HIGGINS. How long have they been working at it?

Governor HOGGATT. About two years.

Mr. HIGGINS. How long have they owned it?

Governor HOGGATT. I presume eight or ten years, or since 1898.

Mr. HIGGINS. If these copper mines in Alaska were being operated and the output of copper was being sent to this country, would it very much tend to change the price of copper?

Governor HOGGATT. I do not think so.

Mr. HIGGINS. Is there not a large supply there, so that the price would be much lower if the property were developed?

Governor HOGGATT. No; I do not think so at present. I hope that in ten or fifteen years that that section will be producing copper in a sufficient quantity to make material difference in the price. There is very little copper shipped from that point now. By that time some of the older mines in the States will have been exhausted.

Mr. HIGGINS. But if the properties were developed?

Governor HOGGATT. They can not be for some years. It takes time to develop lode mines.

Mr. HIGGINS. The Bonanza people have owned their mines for ten years and they have been building roads for two years. What is the reason the property has not been opened up?

Governor HOGGATT. They have no facilities in the way of transportation.

Mr. HIGGINS. But they can build a road.

Governor HOGGATT. Yes; but they can not get the transportation until the road is built. None of that copper can be put on the market until the transportation is furnished. They have no means of developing it ahead of transportation except at abnormal expense. It takes a long time to develop tonnage in that way. The Bonanza mine has been naturally and peculiarly developed by nature. It is an extra high-grade ore, but it is not in large quantity. Nature has developed it in such a way that it lies exposed, but the tonnage would be comparatively small. The face showing is about 250 feet deep.

Mr. HIGGINS. It is easy to work?

Governor HOGGATT. Yes, sir.

Mr. HIGGINS. You say that they have owned it ten years and although it is an easy property to work they have not yet shipped any ore?

Governor HOGGATT. Some people have owned it ten years. The title was not cleared up until about two years ago. It was bonded to the people interested in the Copper River Railroad two years ago, and they are now providing transportation from the coast to the mine, and I am told must take the ore from the Bonanza mines at a point on the Chettina River in the fall of 1909.

Mr. BARRING. Mr. Chairman, owing to what Governor Hoggatt has said, I have a few points upon which I would like to shed some light.

Governor HOGGATT. What I want to impress upon the committee is that it ought to get some unbiased information upon which it can act.

The CHAIRMAN. There are some matters upon which I wish to interrogate Governor Hoggatt, and we will defer that until to-morrow. It has been stated before the committee that there are certain financial interests in New York who are using their efforts to prevent the development of Alaska.

Governor HOGGATT. I do not know anything about that. I felt that, so far as the country itself is concerned, we are fully protected under the general law. The railroad rate is under the control of the Secretary of the Interior. It makes no difference as to who would

build the roads if the people are protected against exorbitant prices. As to what the gentlemen in New York do, I do not know anything about that.

Mr. BARRING. I desire to submit the fact that surveys have been made in Alaska, and I will have that information here to-morrow.

COMMITTEE ON TERRITORIES,
HOUSE OF REPRESENTATIVES,
Tuesday, April 14, 1908.

The committee met at 10.30 a. m., Hon. Edward L. Hamilton, chairman, presiding.

STATEMENT OF MR. HERMAN BARRING.

Mr. Chairman and gentlemen of the committee, I do not agree with Governor Hoggatt in his suggestions to appoint a number of Government engineers to settle the question of railroad routes. There is no such question. It was settled long ago, and before the days of Governor Hoggatt, by the report of General Greely, which was submitted to you. General Greely, who constructed the telegraph lines in Alaska, including those along our route, the Valdez-Yukon Railroad, is certainly an engineer, if he is anything.

But we have still another report on the subject of routes for wagon roads and railroads to connect Prince Williams Sound with the Yukon. This is the report of Captain (now Colonel) Abercrombie, who built the wagon road from Valdez to Eagle. I have his report here, and it is a highly interesting document.

One of the men in Colonel Abercrombie's exploration party, Mr. Edward Gillette, a practical railroad engineer, and now connected with the Burlington Railroad, gives an estimate of the cost of a narrow-gauge railroad on the first 32 miles from Valdez to the divide. He puts it at \$22,531 per mile. This is over the most difficult part of the route. He also gives detailed information about elevations, curves, etc. His report is worth reading.

There is also Mr. W. J. Wilson's report about his trip up Copper River. I have already submitted a copy of this to you and it is part of the evidence produced here. It will satisfy you that all that has been said here about the difficulties on the Copper River route is substantially true.

Alaska does not need a board of engineers just now to waste time and money on a matter about which there is no longer any dispute among men—engineers and laymen, who know something about the country. What Alaska needs is first and foremost a railroad-aid law and next a Congressional committee with the power to take testimony and make searching inquiries into the conditions that are now retarding all and every progress in the development of this Territory. I assure you it will produce results, and some of the leading features of the plot will crop out right here in the East. What the governor says about freight conditions into the interior is certainly not borne out by the facts as we know them. There is plenty of freight now to make the start, more than the White Pass Railroad had when it commenced using its trains, and of course the traffic has

increased with every mile of road. When the Yukon has been reached, three-fourths of all the White Pass freight and passenger traffic will go by way of Valdez. Can't you see it?

Again, the governor does not seem to know that there is something to transport beyond the copper region. I say to you; as I have said before, that the opening of the Tanana country will result in the production of at least \$150,000,000 gold annually, and productive gold fields mean a rush of population, and it means an increase of freight and passenger traffic and a final settling of the country.

Again, gentlemen, I protest against the governor's statement that we did not intend to build beyond the copper region. He certainly is not in position to know anything about our intentions, for we have never conferred with him on the subject.

The Joslyn Railroad has been mentioned here, but the governor could not tell you who the present owners are. Let me enlighten you. It is a link of the great Alaska system, and the same people who now control the White Pass Railroad and the shipping interest along the Alaska coast and on the Yukon also control the Joslyn road. It is a narrow-gauge affair.

The name of a gentleman known as Mr. Birch has been introduced here, in a somewhat offhand manner, I admit, as the man of general utility for the Morgan-Guggenheim syndicate, and it has been stated by the governor that he "assembled" all "these properties"—whatever that may mean. I know Mr. Birch slightly and know something about his reputation as an all-around schemer. When you go to Alaska to make your inquiries, the doings of this man Birch will make a pretty big and exciting chapter. He is a sort of Doctor Jameson for the syndicate and is paid for taking chances. In my opinion the fact that this man is still alive is the best proof of the law-abiding character of the people of Alaska. Well, this self-same Mr. Birch is the man who "assembled" the Bonanza mines, which once belonged to us and rightfully belong to us now.

We paid for the property; in fact, our men, men in our pay as prospectors, had located it, and all went well until Mr. Birch ran against these men. The rest was bribery, intimidation, and perjury.

The case reeked with every crime in the calendar, and it was the investigation of this very case that took me to Alaska and finally tied me up with the Valdez-Yukon people.

Mr. Birch has made an open boast that he would put us out of the rest of our property, and by way of setting a warning example, he started in on the Hubbard and Elliott people at Chicago and trumped up a lawsuit against one of the partners by digging up an old divorce case, finally carrying his point. As I understand, they had to make terms with him.

Now, gentlemen, Mr. Birch, the accredited syndicate manager, is certainly not in favor of a railroad built with Government aid, and, like all men of his kind, he abhors investigations.

I think it is one of the best reasons why you should act at once. I am in touch with a good many substantial and law-abiding citizens in Alaska, and I know they are all anxious for you to go up there and make an end of a system of plunder and piracy that means the ultimate ruin of the best interests of the country.

I want to say right here that I have no specific charges to make against the Messrs. Guggenheim, whose names have been mentioned

here repeatedly. They apparently have no hand in the skin games that are going on out in Alaska. They simply deal with finished products and with results, and probably ask no questions how these results were obtained. They buy what they can buy at their own price with the complications choked off. It is the understrapper with whom we are dealing—the fellow who acts as the go-between and lies and falsifies in both directions. He is the man who should be suppressed and put out of business, and it can only be done by a thorough investigation made by men like yourselves, trained lawyers and practical business men. Turn on the light of publicity, prove up a few glaring examples of rapacity, and there will soon be an end of all blackmailing schemes. If things are allowed to go on in Alaska as they have gone on for the past three or four years, individual enterprise, as well as all attempts of the smaller corporations to gain a foothold, will be squelched. And finally you will come down to a government of the syndicates, for the syndicates, and by the syndicates.

The CHAIRMAN. For the purpose of the information of the committee, in regard to telegraph lines will you state to the committee where the telegraph lines in Alaska are located?

Mr. BARRING. The telegraph lines consist of a cable from Seattle to Sitka and Valdez. Telegraph stations overland have been established about every 30 miles from Valdez to the Yukon, and along the Yukon and down the Tanana River.

The CHAIRMAN. To what points do they run?

Mr. STEWART. To Copper Center, thence to the Tanana, and thence to Eagle City.

Mr. BARRING. The line runs from Valdez to Copper Center and along the Government trail up to Eagle.

The CHAIRMAN. It branches to Eagle, and another line runs westerly along the trail to Fairbanks?

Mr. BARRING. Yes, sir; and another line runs down the Yukon to St. Michaels and then across to Nome.

The CHAIRMAN. This is the Government telegraph system of Alaska?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. Who owns it?

Mr. BARRING. The Government owns it. The Government also owns the cable.

The CHAIRMAN. Do you know what it cost the Government to construct that system?

Mr. BARRING. No, sir; I do not.

The CHAIRMAN. How close are the stations?

Mr. BARRING. They are 30 or 40 miles apart.

The CHAIRMAN. Who has charge of those stations?

Mr. BARRING. They are in charge of the Signal Service officers of the Army.

Mr. HIGGINS. How long since they were built?

Governor HOGGATT. They were built about 1903. The Signal Office has been strengthening the lines in the interior. The right of way of the Government telegraph is from 30 to 100 feet wide. The snow falls and causes an interruption, and some soldiers who have been stationed up there have been engaged in cutting the right of way from 30 to 100 feet wide.

The CHAIRMAN. Did Major Richardson do that?

Governor HOGGATT. No; he has been making the Government trail.

Mr. HIGGINS. What was the general appropriation that was made two years ago?

The CHAIRMAN. That was the Government trail which was surveyed westerly.

Governor HOGGATT. Nothing has been done with that. They made some reconnoissances from Fort Gibbon to Nome with the object of a possible extension of a winter trail and a short cut across the country. A simple survey has been made by a Mr. McPherson under the direction of Major Richardson. Mr. McPherson is a very able engineer and has been engaged in that business about twenty-five years. A report has been made to the War Department.

Mr. BARRING. That is the report about which I am going to speak now.

Governor HOGGATT. The details are already in possession of the Government. The country from Valdez along to Fort Gibbon was generally known by the War Department, as are the different reconnoissances made by Major Abercrombie and other officers, but beyond Fort Gibbon toward Nome no accurate information has been collected as to the feasibility and practicability of a route from Fort Gibbon on to Nome. The idea is to get information that can be used in case Congress determines to build.

Mr. REYNOLDS (to Mr. Barring). You have a copy of Major Abercrombie's report?

Mr. BARRING. Yes, sir.

Mr. REYNOLDS. Do you intend to insert it in your remarks?

Mr. BARRING. Yes, sir; I will embody it in my remarks.

The CHAIRMAN. What are the tolls of the telegraph system? I presume they transmit messages for everybody?

Governor HOGGATT. They take general business.

Mr. BARRING. At first the charges were rather high and we were compelled to send messages by way of Canada and the Yukon. Now the price is quite reasonable. The Government has had an offer from the Postal Telegraph Company to sell out those lines, but the offer has been rejected.

Governor HOGGATT. Congress has given more money, and the signal office has strengthened its line in the interior, so as to prevent breaks. They had frequent difficulty with breaks. This winter they had an interruption north of Valdez, and messages had to be sent around by the Canadian line.

The CHAIRMAN. There is a branch of this line running into the copper country?

Mr. STEWART. There is. Last summer the Government put up the poles and private business concerns put up the wires, and the cable was extended to Catacina, about 2 miles.

Mr. BARRING. This report was submitted by Major Abercrombie, who built the Government wagon roads from Valdez to Eagle, to the War Department. It is the report of 1899 of the Copper River explorations of Major Abercrombie, page 139. This particular document is signed by Mr. Edward Gillette, who is now with the Burlington people.

The very important condition is also obtained for this country in having a route entirely in United States territory, and thus avoiding all the complications resulting from endeavoring to develop a vast territory full of mineral wealth across 400 miles of foreign soil.

Valdez Harbor and the route via Keystone Canyon to the divide furnishes the most practicable and economical route for the development of central Alaska, and bids fair to more than hold its own for the freight business of Dawson and vicinity. With a fine harbor open the year around and a railroad route comparatively free from blockades, built on lighter grades and curvature than the other route, Valdez may well lay claim to being the main gateway for Alaska commerce.

A main line of railway from Valdez to the Yukon will command a large amount of freight now going by other routes and greatly stimulate the settlement and development of a vast country. Branch lines will later be constructed to accommodate the business resulting from the discovery of copper and gold in this highly mineralized section. Discoveries of coal recently made at several points will expedite the work of opening up this region. What discoveries will be made the coming season no one can foretell, but it is my belief that a railway constructed immediately over the route as indicated would have a paying business as soon as it could be opened for travel and freight. Thousands of miles of profitable railway have been built in the United States in less promising regions.

The prices here used are from 25 to 50 per cent higher than is the average elsewhere in the United States. Such a line in our western country, built upon a 15-foot roadway on fills and 20 feet in cuts, would cost not more than \$16,000 per mile. A direct line from Valdez to Fort Egbert, on the Yukon River, is 310 miles long. Allowing 350 miles for the length of the railway would afford all the diversion required from a direct line.

The cost of the entire line, with equipment, ready for business, will not exceed \$20,000 per mile.

Mr. Gillette is a competent engineer and was with the Abercrombie party. He helped to build the wagon road and ought to know something about it.

The CHAIRMAN. How much of that road is a wagon road?

Mr. BARRING. It is in bad shape generally, although good enough during the winter time when the snow covers the ruts, but otherwise it is not in good shape. It is built through swamps, which makes it impassible at times. Our people, who went over it quite recently, had a good deal of trouble in getting through.

I have something else, now, which I desire to read to you. I will read the report of Maj. W. P. Richardson. He says: "The length of the routes he described will not be far from 1,000 miles."

The CHAIRMAN. What does it mean when he says "the route he described?"

Mr. BARRING. He describes the route which has been given in Senator Beveridge's committee report. It is the Valdez route.

The CHAIRMAN. State the course and the termini of that route.

Mr. BARRING. He means the projected railroad up to the Yukon and down the Tanana, crossing Alaska both ways. It is the general railroad system to which he refers.

The CHAIRMAN. From Valdez up the Tanana, crossing to Fairbanks, and then going westward.

Mr. BARRING. There is not a report on the subject that does not say that Valdez is the best starting point. Major Richardson says:

The length of the route described, leaving out the coast connections, will not be far from 1,000 miles, although the distance can not be definitely given without preliminary survey. From my personal knowledge and from such information as I have been able to gather concerning the country I think it can be safely stated that the route presents no serious difficulties of grade or other expensive form of construction. My experience does not enable me to give a close estimate of the probable cost of such a road, but from some figures I have on such work in Alaska I do not think the original cost of construction and equipment should exceed \$25,000 per mile; possibly not more than \$20,000.

As a form of aid I would recommend a flat bonus per mile with a guaranteed interest for a period of years, or direct interest on a sum per mile for a speci-

fied number of years, and invite capital to bid. It is suggested that the initial step be taken in the form of an act of Congress defining the route in general terms and the character of road to be built and authorizing proposals to be invited; first, as to the amount of subsidy per mile and time required for construction, the Government fixing the sum upon which interest is to be paid, the rate, and number of years; second, without flat subsidy, the Government fix the rate of interest and number of years it is to be paid, and receive bids on amount per mile and time for construction. The route is indicated in a general way on the accompanying map, and also the probable future extensions which would be built by private enterprise if conditions developed to justify.

A report from the War Department reads as follows:

It is believed that the trail is as dry as can be found through the region and has the best protection from winter storms. Although the trail winds considerably to avoid swamps, yet the total length, with one cut-off above mentioned, is the same as last year's trail.

The CHAIRMAN. What is that from which you have just read?

Mr. BARRING. It is a letter from the Secretary of War transmitting the report of the board of road commissioners. Now, then, what Alaska needs first and foremost is railroad aid, and next Alaska should be visited by a Congressional committee, with power to take testimony and make inquiries into the conditions as they now exist with regard to the development of the Territory. If our demands here should produce results, some of the leading features of the cabal will crop out right here in the East when you commence taking testimony.

Mr. HIGGINS. We are taking testimony. When you say that some leading features will crop out in the East, what do you mean?

Mr. BARRING. I mean as to the mode and manner in which our own enterprise has been suppressed.

Mr. HIGGINS. Do you know anything about it?

Mr. BARRING. I can produce witnesses.

Mr. HIGGINS. You do not know anything about it yourself?

Mr. BARRING. I know they have tried to put us out of business in every possible way, shape, and manner.

Mr. HIGGINS. Are you willing to tell us what you know?

Mr. BARRING. Yes; if you persist. For instance, they went to work to bribe our engineer.

Mr. HIGGINS. Who did?

Mr. BARRING. One of the men goes by the name of Burgin.

Mr. HIGGINS. What is his first name?

Mr. BARRING. I do not know.

Governor HOGGATT. Was he with Mr. Gray?

Mr. BARRING. Yes; he was with Mr. Gray.

Mr. HIGGINS. Is he a New York man?

Mr. BARRING. Yes, sir.

Mr. HIGGINS. With whom is he connected?

Mr. BARRING. He is connected with Mr. James Phillips, jr., of 111 Broadway.

Mr. HIGGINS. What is their interest in Alaska?

Mr. BARRING. They staked 4,000 acres copper lands near our property.

Mr. HIGGINS. Is this the man to whom you referred in your hearing about a week ago, when you said that he offered to bribe you?

Mr. BARRING. No, sir; he was not the man who tried to bribe me.

Mr. HIGGINS. Who was he?

Mr. BARRING. That was our own engineer. He was acting for them.

Mr. HIGGINS. Acting for these same people?

Mr. BARRING. Yes, sir; I plagued him for a while.

Mr. HIGGINS. Is that all you can say of your own knowledge concerning what has transpired outside of Alaska?

Mr. BARRING. It is all I can say of my own knowledge. But we will produce lots of other interesting testimony on that subject.

Mr. REYNOLDS. What is the name of the corporation with which they are connected?

Mr. BARRING. It had no name then. They were then acquiring copper properties, and did acquire a lot.

Mr. REYNOLDS. Under what name did they do that?

Mr. BARRING. Under the name of the Great Northern Development Company.

Governor HOGGATT. That is one of the companies I referred to yesterday. This Mr. Burgin used to be a newspaper man. (To Mr. Barring.) Was this gentleman a mining engineer or a railroad engineer?

Mr. BARRING. He was a railroad engineer. You know him very well. They had him in their pay for nine months.

Mr. HIGGINS. You do not differ with the statement which Governor Hoggatt has made except so far as appears in the official report made to the War Department.

Mr. BARRING. On what subject?

Mr. HIGGINS. On the subject of which we are speaking.

Mr. BARRING. I differ with Governor Hoggatt when he says that no surveys had been made.

Mr. HIGGINS. Except as to the official reports, you do not differ with the governor.

Mr. BARRING. No; but I should think that a committee, as I suggest, made up of trained lawyers, as you gentlemen are, would be a proper committee to be sent to Alaska.

Mr. HIGGINS. I do not agree with you about that.

Governor HOGGATT. I think you ought to go to Alaska yourselves.

The CHAIRMAN. I think that perhaps Congress ought to appoint a legislative committee with power to take testimony and make a Congressional investigation.

Governor HOGGATT. I think you ought to have a Congressional committee who could go out and make a thorough investigation.

Mr. HIGGINS. We ought to make investigation of the whole matter.

Mr. BARRING. I know one gentleman named Burch who acquired properties for some of those big people.

The CHAIRMAN. To whom do you refer when you speak of "those big people?"

Mr. BARRING. I refer to the people who are connected with the Morgan and Guggenheim syndicates. I do not know whether the Guggenheims are personally acquainted with these men, but I know that if they knew them as well as I do they would not have anything to do with them. This man Burch I know very well. I know all about the lawsuit that was tried up there about the Bonanza mine. The Bonanza mine property was stolen from us. It was owned by our people and was discovered by our prospectors, and our people paid the money for the prospecting, but the prospectors fell in with this

man Burch; and finally the property was taken from us through bribery and perjury.

Mr. HIGGINS. Have you been in litigation there?

Mr. BARRING. Yes; for three years.

Mr. HIGGINS. With whom?

Mr. BARRING. With those Burch people. That was the time that Norman Schultz came to the surface.

Mr. HIGGINS. Is that known as the Guggenheim interest?

Mr. BARRING. The Guggenheims probably knew nothing about that part of the business. They knew nothing about the lawsuit except from hearsay. They did not have anything to do with setting up the scheme of loot.

Mr. HIGGINS. What was your company that was in litigation?

Mr. BARRING. At that time it was the Pacific Coast Exploration Company.

Mr. HIGGINS. They were in litigation for the control of the Bonanza mine?

Mr. BARRING. Yes, sir; they claimed ownership of it. They lost it because of certain testimony that could not be produced in time. When it, finally was produced the court would not allow it to be brought in. We took testimony as far away as the Philippine Islands. The Burch people switched off two of our employees and got them to claim discovery and they swore they were not employed by us. The pay roll had been lost, although it has since been found, and that made it easy for them to prove that they were not in our employ when the discovery was made. I have since found two men who confessed to the conspiracy. They received \$25,000 for their share of the plunder, and we will bring all that out if you will go on with the investigation.

Mr. HIGGINS. Why have you not brought criminal proceedings?

Mr. BARRING. Go to Alaska with criminal proceedings? You could not do anything there with such proceedings. At that there was no judge in Valdez to whom we could appeal. There were two or three other judges in Alaska, but they were not located in the Valdez district. We spent a large sum of money out there to contest the case, but we lost.

Mr. HIGGINS. It would not cost much to bring criminal proceedings.

Mr. BARRING. Senator Heyburn, of Idaho, was one of our attorneys, and I am sure that if you sent for him he would be glad to come and make a statement of the court conditions in Valdez at that time. I saw Judge Wickersham at 11 or 12 o'clock at night hobnobbing with the gentlemen on the other side of the case.

Mr. HOUSTON. You say that they were hobnobbing; what do you mean by that?

Mr. BARRING. They had a private meeting. I could see through the window.

Mr. HIGGINS. This hobnobbing was done in Alaska?

Mr. BARRING. Yes; in Alaska.

Mr. HIGGINS. Do you mean to say that you had no show in the courts up there?

Mr. BARRING. In the first place, it is very expensive to go to court in Alaska. We had to take testimony all over the United States. The men who got away with the Bonanza mine were in our employ;

we supplied the money and the food to live on. When we asked the question, "Where did you get your food if you were not employed on our expedition?" they said that they found some military supplies that had been cached. To disprove this statement, we had to send a lawyer all the way to the Philippines to take the testimony of Major Abercrombie, and he testified that no food supplies had been left behind by him. That fact alone weighed tons of evidence, and if the case had been tried before a fair judge we would not have been beaten. The judge simply refused to hear the testimony we had obtained, because, according to his views, it came too late. He held that we had had our day in court.

The CHAIRMAN. So that you lost the Bonanza property?

Mr. BARRING. Yes, sir; and the whole thing cost us about \$250,000. Now, you will see the difficulty of going to law in Alaska.

Mr. REYNOLDS. Before what judge was this tried?

Mr. BARRING. It was before Judge Wickersham. The governor said yesterday that he did not think that anybody wanted to build a railroad beyond the copper region. Of course, we can not build beyond the copper region unless we get help. We believe, in fact we know, that all that vast country between the Tanana and the Yukon is a gold country. That means that there would be a rush of people and plenty of traffic into that section as quick as the road is built within 50 miles of the edge, and such a road would certainly pay as far as it is built. The White Pass Railroad had no more freight at the beginning of operations than we would have and probably not as much.

The CHAIRMAN. But that road had a passenger traffic.

Mr. BARRING. Why would not our road have a large passenger traffic? Travelers pay now \$150 for a seat in a stage to go into the interior as far as Fairbanks.

Mr. HOUSTON. From what point do they pay that?

Mr. BARRING. They pay that to go from Valdez to Fairbanks.

Mr. HIGGINS. How long does it take to make the trip?

Mr. BARRING. They go about 30 miles a day and it takes about seven days.

Mr. ANDREWS. Some people go on dog sleds.

Mr. HOUSTON. How many trips do they make?

Mr. BARRING. They make two trips a week.

Mr. HOUSTON. Do they make two round trips per week?

The CHAIRMAN. Two trips each way?

Mr. BARRING. Yes, sir; those stages bring as high as \$1,000,000 in gold each week. Every stage coming in brings some gold. I say that a road built to the interior would pay from its very inception. The moment it got beyond the mountains every mile of it would pay, because prospectors have a good deal of difficulty now in getting in. It now costs to get freight on top of the mountains about \$80 a ton, unless there is a large quantity on which a freight contract can be made. You have literally got to drag it into the interior, and you can get up to the mountain only by relays. That takes time. The traffic begins mainly in February and March, when the trail is literally black with people, horses, dogsleds and handsleds.

I believe that is about all I want to say on the subject. All we want this committee to do is to consider the Lovering bill favorably. What we need is help, a little practical help. We do not care who builds

the railroad, provided it is built for public use and opens up the whole country and not only certain regions where the railroad people control things. We have certainly nothing against the Guggenheims, and they may build the road if they desire, if it does not mean a freeze-out to other independent interests. It was the understrapper that we ran afoul of. I believe the Guggenheims are as honest as other square-dealing people, and I do not believe they know everything that has been done and labeled with their name.

The CHAIRMAN. Is it not generally assumed that the Guggenheims are wealthy?

Mr. BARRING. Yes, sir; they are considered very wealthy, and I believe they worked hard for all they own.

The CHAIRMAN. It is fair to presume that they are able to build a railroad without governmental aid; and it is fair also to presume that they have sufficient financial interest in the matter to induce them to construct the road.

Mr. BARRING. Yes, sir.

The CHAIRMAN. So that it would not seem necessary, in order to induce the construction of a road into the copper country, that the Government should render aid.

Mr. BARRING. I will tell you the reason why. If the independent copper companies bring copper out of that country in sufficient quantity, the chances are that with the immense deposits in the Alaska copper region and the high grade of the ore the price of copper will break. Our private information is, that is the reason why no railroad will be built until all of the independent interests are rounded up. That is our information. A good deal of this may be talk, but the fact is they are not doing anything in the way of railroad building. They are jumping from one place to the other. We just have received information now that they have abandoned Copper River and have gone back to Valdez.

Mr. HIGGINS. You mean that the large copper property owners of Alaska do not want that copper to come into the market for fear that the price will not be maintained?

Mr. BARRING. It is the owners of the copper properties in the United States to-day that do not want that copper to come into the United States for fear that the price will be depressed. We want to bring copper out. We want the tonnage. We will give any security to build a railroad. We want a road that can be used by everybody and not by just one concern.

Mr. HIGGINS. If you can give security, you do not want any Government aid.

Mr. BARRING. The Government can give security which a private individual can not. We need the Government credit to float our securities.

STATEMENT OF MR. A. J. STEWART—Continued.

Mr. Chairman and gentlemen of the committee, I want to say this, that it is generally known and understood that Valdez is the only route, or it is a route that is most feasible. It is the route that offers less resistance than any other. There will be no tonnage over the Copper River route until you get into the copper country. There is

no possibility of building a lateral or parallel road up the Copper River.

The CHAIRMAN. Have you any doubt about the good faith of the so-called "Guggenheim interests" in building a railroad into the copper country?

Mr. STEWART. All that I can say is that they have stated that they were going to build a railroad into the copper country and that they have made a contract to do it up the Copper River. All our information is that that route is impracticable and that that is the opinion of engineers on the subject. The first engineer who suggested a road and made a report upon it has been deposed and discharged. That was Mr. Rogers. He was to see me a short time ago in order to get an option on our copper property. He recommended a route up the Copper River. Since then Mr. Hawkins has been appointed chief engineer, and I understand there has been a great deal of difference of opinion between him and the parties in control because he does not wish to risk his reputation on recommending that route. That is what we are told. I believe they will build a road in there at their convenience. As the governor has stated, there have been no engineers over this route operating—

Governor HOGGATT. I have not stated that there have been no engineers over the route. There have been; an unbiased commission, if appointed, would probably get the information already obtained by the engineers of the various railroad companies, and that could be submitted to this committee for further information and investigation. There have been some surveys, but they were conflicting as to the feasibility of the project. An unbiased commission could have this information at its disposal and could make a report upon which Congress could act.

Mr. STEWART. I am agreeable to that.

Governor HOGGATT. Such a report ought to be by others than employees, etc., who may have a personal interest. I have not stated, or at least I did not intend to state, that there had not been surveys. There have been surveys, but they have not been of such a character as to place reliance upon them.

Mr. LLOYD. Did you not say that there were some preliminary surveys?

Governor HOGGATT. They have not been made in detail. Some were only reconnoissances. They do not give accurate information as to cost. They do not give details on which engineers could base estimates. They have all failed to take into consideration the question of labor during the wet season. If you strike a wet season, you get 30 per cent less out of your labor than you do in a dry season. That is my experience in employing out-of-door labor. There is a difference of at least 50 per cent in the amount of labor that you can get out of men. During the wet season they are compelled to wear slickers and gum boots. That is a difficulty which an engineer will run up against. We have found that estimates will run from 25 per cent to 50 per cent on that account, and of course there is difficulty in getting material.

Mr. STEWART. This engineer, whose report I wish to offer, was in that country during the construction period, or during the time when the road could be constructed, when there were no rains to interfere. He is a competent man, having constructed railroads, and he esti-

mates that this railroad of 125 miles can be constructed at a cost of \$3,750,000.

Mr. LLOYD. In view of the fact that the Guggenheims have been discussed to a considerable extent as to their relations with Alaska, I see that their attorney is here, Mr. Thompson, and perhaps he would like to be heard.

Mr. THOMPSON. I have been accidentally present this morning. I represent as attorney the Copper River Company, and I have not the slightest idea of making any misleading statement. I have not had a chance to look over the record, as I was told by the clerk that it was not obtainable. I would like to have an opportunity to put my statement in writing.

The CHAIRMAN. I think we would like to have you before the committee.

Mr. THOMPSON. Very well. I will be glad to tell the committee anything I know. All I have to say is that that company has no objection whatever to the passage of this bill or any other bill before Congress. We are for the development of Alaska. We have invested considerable money up there, now amounting, I believe, to \$500,000 or more.

Thereupon the committee adjourned.

BURDETT, THOMPSON & LAW,
ATTORNEYS AND COUNSELORS AT LAW,
Washington, D. C., April 16, 1908.

HON. EDWARD L. HAMILTON,
*Chairman Committee on the Territories,
House of Representatives.*

SIR: I happened to be present at a recent meeting of your committee when the bill (H. R. 14389) to encourage railroad building in Alaska was under consideration, during which statements were made by Mr. Stewart, representing the Valdez Yukon Railway Company, to the effect that certain financial interests were alleged to control the Copper River and Northwestern Railway Company, and that they have been using their power and influence to prevent other railroad companies desiring to construct railroads in Alaska from securing the requisite financial aid.

Sometime prior to the hearing before your committee on said bill my firm, which represents the Copper River and Northwestern Railway Company here in some of its matters, had transmitted to the general counsel of said company in New York a copy of the bill for consideration, and had been informed, in reply to their letter, that the company was entirely willing that the bill should become a law if the wisdom of Congress so ordained, and that it was unnecessary for us to take any action with respect thereto.

I was, therefore, not authorized to appear before your committee in that matter, and my presence at the hearing was accidental, being due to the fact that I had an appointment on another matter that morning with a gentleman who, I learned, was in your committee room, and this information led to my coming there.

Mr. Stewart's statement was an utter surprise to me, and I was satisfied that he had been led into error by misinformation, for the reason that in the course of my professional service I had learned, through the company's general counsel and its president, that the policy of the company and those controlling it was the very reverse of that indicated by Mr. Stewart; that the company was simply pursuing its own rights without interfering with the rights of others; that it was in no wise standing in the way of any other railroad enterprise in Alaska, and that the only troubles that had occurred grew out of their effort to preserve their lawful rights from the unlawful aggressions of other parties.

The impression had been conveyed to your committee that my clients had resorted to force to unlawfully deprive other competing companies of their rights, and an altercation, which took place near Katalla between their employees and those of another company, was referred to. As to that trouble it is but just to my clients to say that it was unexpected, and was in no wise

directed by those in authority; that it grew out of a conflict between the railroad companies in question as to their respective rights to right of way; that the opposing company claimed superior and prior rights, which, however, it did not possess, and were denied by the courts to which that company appealed, it having filed a suit in equity praying an injunction against my clients to prevent them from continuing the construction of their railroad over the ground in controversy. This suit was brought in the United States district court for the district of Alaska division No. 1, the court refusing a restraining order and denying the injunction prayed for. That decree afterwards came before the circuit court of appeals at Seattle on appeal, and was affirmed by that court.

After the denial of the injunction, my clients resumed the construction of their railroad, when the opposing company erected at a point on their and our claimed right of way a swinging devil, operated by machinery, such operation threatening the life of any man who would attempt to do work on the roadbed and track of the Copper River and Northwestern Railway Company, and being intended to prevent by force the construction of the latter's railroad tracks, and this unlawful force was applied after the court had refused the prayer for an injunction.

In other words, the opposing company tried to effect by unlawful force what had been denied it by the court.

The employees of my clients were therefore strictly within their rights when they took steps to prevent the running of the machinery which operated the swinging devil, and only the resistance of the parties engaged in the unlawful operation of that instrument of destruction to the effort to prevent such operation caused the conflict. The ensuing trouble was a regrettable affair—it was not authorized by the directing officers of the company, and notwithstanding the unlawful act of the opposing company said officers would have forbidden the forcible removal of the obstruction had they been informed of the situation, and been afforded an opportunity to act—and this, though at the time they had upon the ground actually engaged in the railroad construction several hundred men, and delay at that time meant great financial loss. That the Alaska company wrongfully resorted to the forcible device they did to prevent the continuance of railroad construction by my clients is made plain by the fact that the judgment of the court, whose restraining arm it invoked, refusing an injunction was, on appeal to the circuit court of appeals, affirmed.

Under the circumstances, I submit that however regrettable the altercation referred to was—and by none is it deplored more than by the officials of the Copper River and Northwestern Railway Company—the fault is chargeable to the opposing company, whose act of force in the unlawful attempt to prevent the construction of the former company's railroad line was, to express it mildly, in utter defiance of the legal rights of the interests concerned.

In the light of the judicial determination of the facts, it must be apparent that my clients have been unjustly criticised with respect to this matter. The determinations of the courts exhibit the fact that the right was on their side, and that under the very truth of facts complaint would more justly emanate from them than from their opponents.

I am authorized by the general counsel of said company to state on its behalf that neither the company nor any financial interests controlling it have entered into any combination, contract, agreement, or understanding with any person or persons, corporation or corporations, whomsoever, whereby any railroad company, or any other party in Alaska, should be deprived of due opportunity to raise or secure money for the building of railroads or for any other purpose in Alaska, nor has their influence been used, directly or indirectly, to prevent other parties from securing the necessary means, financial or otherwise, for railroad or other development.

And I am further authorized to state to the committee that the said Copper River and Northwestern Railway Company is entirely willing, as well as anxious, that every possible right under the law may be accorded to all persons companies, or corporations desiring to carry on or construct works or improvements in Alaska which will tend to the prosperity and material development of that Territory.

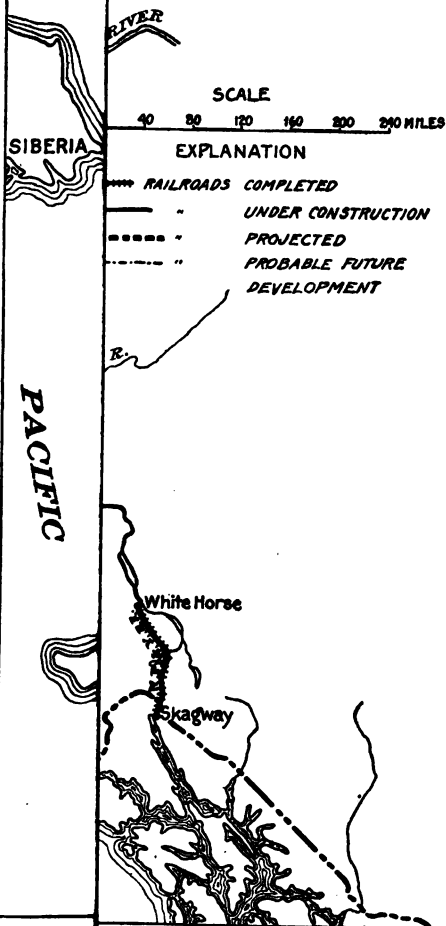
My clients are in good faith engaged in the effort to peaceably construct a railroad in Alaska, that its resources may be developed and its prosperity promoted, and the time has come when false impressions concerning their doings and aims should yield to the persuasion of facts.

This letter is submitted pursuant to the permission granted by your honorable committee.

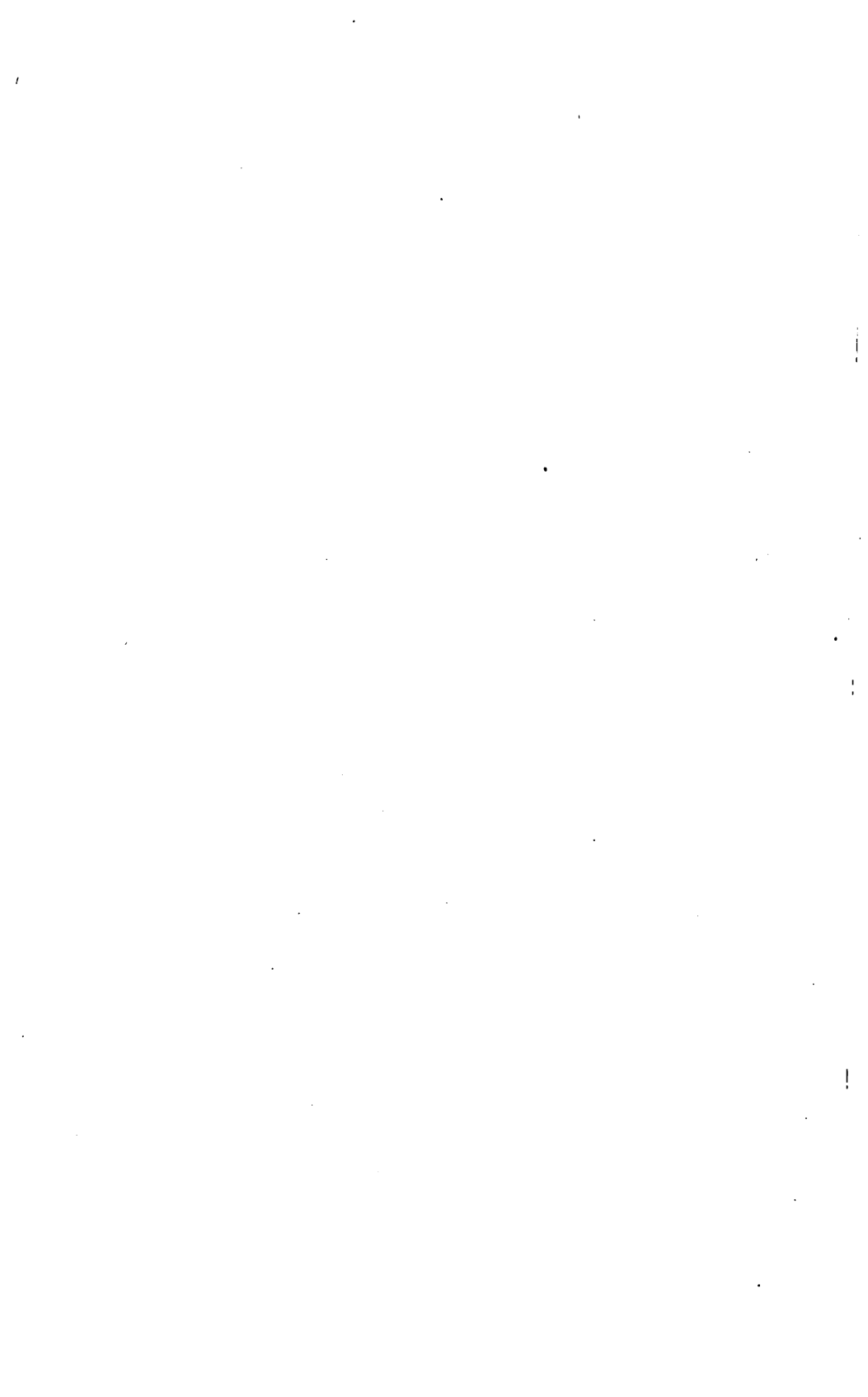
Very respectfully,

J. B. THOMPSON.

MAP SHOWING RAILROADS
 COMPLETED, UNDER CONSTRUCTION AND
 PROJECTED IN ALASKA, TO ACCOMPANY
 REPORT OF HOUSE COMMITTEE ON TERRITORIES 60
 CONGRESS, ON PROPOSED LEGISLATION
 FOR THE AID OF RAILROAD CONSTRUCTION
 IN
ALASKA

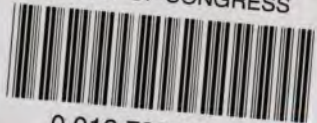








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